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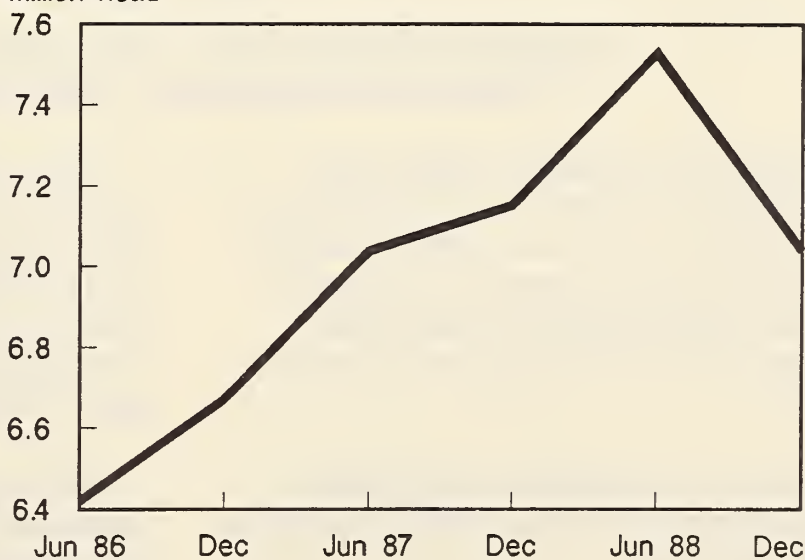
# Livestock and Poultry

## Situation and Outlook Report

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**U.S. Breeding Hog Inventory**

Million head





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The present forecasts will be updated if needed in the World Agricultural Supply and Demand Estimates scheduled for release on February 9, 1989.

The *Livestock and Poultry Situation and Outlook* is published six times a year. Subscriptions are available from ERS/NASS, Box 1608, Rockville, MD 20850. Or call, toll free, 1-800-999-6779 (8:30-5:00 ET). Rates: 1 year \$15, 2 years \$29, 3 years \$42. Foreign customers add 25 percent for subscriptions mailed outside the United States. Make check payable to ERS/NASS.

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## SUMMARY

*Total red meat and poultry production* in 1989 is expected to decline 2 percent from 1988's record, but remain the second highest ever. Economic growth in 1989 is expected to be about 3 percent, below the robust 3.8 percent of 1988. Lower meat supplies and relatively low unemployment should keep prices strong, especially for the higher valued meat cuts.

*Pork production* in 1989 is expected to decline about 1 percent from 1988. The decline is due to poor returns, especially in fourth-quarter 1988, and reproductive problems from the hot summer. The production drop should result in barrow and gilt prices averaging \$42 to \$48 per cwt, compared with \$43 in 1988. With higher feed costs expected through midyear, producers' net returns could remain below breakeven. However, as feed prices weaken in the last half of the year and hog prices rise, returns likely will improve.

*Commercial cattle slaughter* fell about 2 percent in 1988, with the decline coming from cows and from nonfed steers and heifers. In 1989, commercial slaughter is expected to decline nearly 7 percent. The sharpest declines will occur in fed beef production. Choice steer prices may average in the middle \$70's per cwt, compared with nearly \$70 in 1988.

*Broiler production* is expected to rise about 4 percent in 1989, the same as in 1989. In 1989, wholesale broiler prices averaged 56 cents per pound, and are expected to show little change in 1989, averaging 54 to 60 cents per pound.

*Turkey production* is expected to increase about 3 percent in 1989, smaller than the 6-percent rise of 1988. Turkey producers are slowing their rate of increase after 2 years of lackluster returns. Wholesale hen turkey prices in the eastern region averaged 61 cents per pound in 1988, and are expected to average 63 to 69 cents in 1989.

*Egg production* is projected to fall 2 percent in 1989, following a 1-percent decline in 1988. This should provide price support during the year.

*Retail meat prices* in 1989 are expected to average above 1988, as total meat supplies decline. Pork prices are expected to rise 1 to 3 percent, after declining 3 percent in 1988. Beef prices are expected to rise 3 to 5 percent in 1989, compared with 5 percent in 1988. Retail poultry prices are expected to rise about 3 to 5 percent. In 1988, poultry prices rose 7 percent.

A notice reducing the countervailing duty on live hogs imported from Canada to C\$2.20 per cwt was published on January 9. On January 5, the National Pork Producers Council and 7 processors filed a countervailing duty petition with the United States International Trade Commission (USITC) and Department of Commerce alleging unfair subsidization of pork products by Canada's federal and provincial governments. The Canadian Pork Council argues that the recent increase in pork imports from Canada is a result of long-term trends and favorable exchange rates.



Table 1--Livestock, poultry, and egg production and prices  
(All percent changes shown are from a year earlier.)

Item	1987	1988					1989 1/				
	Annual	I	II	III	IV 1/	Annual 1/	I	II	III	IV	Annual
Million pounds											
PRODUCTION:											
Beef	23,405	5,696	5,784	6,186	5,770	23,436	5,575	5,425	5,475	5,350	21,825
% change	-3	-1	1	2	-1	0	-2	-6	-11	-7	-7
Pork	14,312	3,787	3,726	3,773	4,325	15,611	3,900	3,700	3,800	4,050	15,450
% change	2	7	12	11	7	9	3	-1	1	-6	-1
Lamb & mutton	309	85	80	80	83	328	88	80	82	85	335
% change	-7	12	7	4	2	6	4	0	3	2	2
Veal	416	97	92	99	100	388	100	90	100	100	390
% change	-18	-13	-9	0	-4	-7	3	-2	1	0	1
Total red meat	38,442	9,665	9,682	10,138	10,278	39,763	9,663	9,295	9,457	9,585	38,000
% change	-2	2	5	5	2	3	-0	-4	-7	-7	-4
Broilers	15,502	3,996	4,079	4,033	4,040	16,149	4,100	4,250	4,300	4,200	16,850
% change	9	7	4	2	4	4	3	4	7	4	4
Turkeys	3,717	837	980	1,066	1,050	3,933	850	1,000	1,100	1,100	4,050
% change	19	25	13	-3	-3	6	2	2	3	5	3
Total poultry	19,772	4,986	5,209	5,212	5,215	20,622	5,090	5,395	5,530	5,435	21,450
% change	10	10	6	0	2	4	2	4	6	4	4
Total red meat and poultry	58,214	14,651	14,891	15,350	15,493	60,385	14,753	14,690	14,987	15,020	59,450
% change	2	5	5	4	2	4	1	-1	-2	-3	-2
Million dozen											
Eggs	5,797	1,464	1,415	1,410	1,445	5,734	1,420	1,385	1,390	1,430	5,625
% change	2	2	-2	-2	-2	-1	-3	-2	-1	-1	-2
PRICES											
Dollars per cwt											
Choice steers, Omaha 1000-1100 lb.	64.60	68.28	72.81	66.92	70.14	69.54	70-74	75-81	74-80	69-75	72-78
Barrows and gilts, 7-markets	51.69	44.74	45.90	44.24	38.66	43.39	41-45	44-50	43-49	42-48	42-48
Slaughter lambs, Choice, San Angelo	78.08	81.51	69.52	58.23	66.11	68.84	75-79	63-69	59-65	58-64	63-69
Cents per pound											
Broilers, 12-city avg.	47.4	45.4	55.6	66.10	57.90	56.30	57-61	55-61	55-61	51-57	54-60
Turkeys, Eastern region	57.8	48.9	51.4	72.60	72.40	61.30	58-62	55-61	67-73	72-78	63-69
Cents per dozen											
Eggs New York	61.6	55.0	53.3	72.90	67.30	62.10	67-71	61-67	69-75	74-80	67.63

1/ Forecast. 2/ Federally inspected. 3/ Includes broilers, turkeys, and mature chickens. 4/ Wholesale weighted average. 5/ Wholesale, 8- to 16-pound young hens. 6/ Cartoned, consumer Grade A large, sales to volume buyers.



## FACTORS AFFECTING LIVESTOCK AND POULTRY

Major uncertainties in the livestock and poultry industries include economic growth, interest rates, inflation, exchange rates, and feed prices. The recent unemployment rate, the lowest in 14 years, raises the specter of a tightening economy with higher inflation and interest rates. Drought-reduced crop production significantly raised feed costs for livestock and poultry producers in 1988, and will keep costs relatively high through most of 1989. Feed prices in the last half of the year will greatly depend on 1989 crop conditions.

The general economic outlook remains fairly bright. Real GNP is likely to grow about 3 percent during the year, below 1988's robust 3.8 percent. This growth is likely to be accompanied by moderate inflation in the 3.5-to-4.5 percent range, in line with the average since 1983. While food price pressure is likely to be reduced in 1989, and crude oil prices appear likely to remain weak, a tight labor market may put some upward pressure on wages.

The prime interest rate is expected to average 10 to 10.5 percent in 1989, up from 9.3 percent in 1988. The difference between short-term and long-term rates has narrowed, which could suggest expectations of future inflation are lower than the current rate of inflation, or that the Federal Reserve will further tighten short-term rates in the very near future.

Over the next year, interest rates should follow real activity and inflation closely. Real growth around 3 percent, with inflation in the expected range, is consistent with steady to slightly declining short-term rates. Real growth substantially above 3 percent and inflation in the upper part of the expected range will continue to put upward pressure on rates, especially in light of announced Federal Reserve intent to prevent escalating inflation. The dollar is likely to continue dropping slowly, although it is likely to be quite volatile. The dollar decline will continue to help exports, but will add some pressure to import, and ultimately consumer, prices.

Livestock production costs rose rapidly in 1988, owing largely to higher feed costs, although higher interest rates and general inflation did contribute. The U.S. average corn price for mid-December was \$2.54 per bushel, compared with \$1.72 a year ago. Corn prices averaged \$1.94 per bushel in 1987/88, and are expected to average \$2.30 to \$2.70 per bushel in 1988/89. Soybean meal prices (44-percent protein, Decatur) in December averaged \$246 per ton, compared to \$215 a ton a year ago. Soybean meal prices are expected to average \$240-\$260 per ton in 1988/89,

compared with \$222 in 1987/88. The large price increases are due to 1988 drought-reduced supplies.

## LIVESTOCK AND RED MEATS

### Hogs

Pork supplies increased sharply in 1988, reflecting expansion of breeding herds during 1987. Commercial pork production, at 15.6 billion pounds, was the most since 1981 and 9 percent above a year earlier. Total supplies rose to almost 66 pounds per capita (retail weight), up 5 pounds from the previous year. Barrow and gilt prices fell to 8-year lows in 1988, ranging from the mid \$30's to \$50 per cwt. Retail pork prices fell 3 percent, averaging \$1.84 per pound.

Per capita pork supplies in 1989 are expected to be approximately 65 pounds, slightly less than in 1988. Commercial pork production will likely rise relative to 1988 in the first half of the year, but decline in the second half. Total 1989 production may fall about 1 percent. U.S. imports of pork may show little change, while exports decline. Stocks of frozen pork on January 1, 1989 were the largest beginning stocks since 1955.

Retail pork prices may average 1-3 percent higher in 1989. Barrow and gilt prices are expected to average \$42-48 per cwt, compared with 1988's average of \$43. The largest year-over-year price increases will likely occur in the fourth quarter.

### *Demand Factors*

Continued moderate growth in the economy will be generally supportive of livestock and meat prices in 1989. Such support will likely be most evident in prices of higher quality meat items and value-added products. In the pork sector, ham and loin cuts stand to benefit most from higher incomes, as consumers increase purchases of leaner, higher priced fresh meats and "convenience" packages (e.g., precooked, microwavable, or deli products). Demand for processed pork in breakfast foods could also rise as more meals are consumed away from home.

Among competing meats, fed beef supplies could be considerably lower in 1989, but broiler production will likely increase. Turkey supplies may hold fairly steady. The net effect of these changes may be minimal, but their influence on specific cuts of pork could be more pronounced at certain times. For example, demand for pork loins in the spring cookout season could be enhanced because of reduced availability of fed beef. On the other hand, larger summer poultry supplies could reduce demand for processing pork.



Table 2--Hogs on farms, farrowings, and pig crops,  
United States 1/

Inventory	1987	1988	1989	1988 1987	1989 1988
	1,000 head			Percent change	
March 1 inventory		52,345			
Breeding		7,120			
Market		45,225			
Under 60 lb		17,675			
60-119 lb		10,730			
120-179 lb		9,135			
180 + lb		7,685			
June 1 inventory	52,200	56,265		+8	
Breeding	7,040	7,530		+7	
Market	45,160	48,735		+8	
Under 60 lb	19,600	20,915		+7	
60-119 lb	11,080	12,015		+8	
120-179 lb	8,170	8,800		+8	
180 + lb	6,310	7,005		+11	
Sept. 1 inventory		58,200			
Breeding		7,260			
Market		50,940			
Under 60 lb		19,635			
60-119 lb		12,685			
120-179 lb		10,430			
180 + lb		8,190			
Dec. 1 inventory	54,620	55,299		+1	
Breeding	7,153	7,040		-2	
Market	47,467	48,259		+2	
under 60 lb	17,764	17,875		+1	
60-119 lb	11,979	12,399		+4	
120-179 lb	9,702	10,016		+3	
180 + lb	8,022	7,969		-1	
Sows farrowing					
Dec. 2/-Feb.	2,517	2,726	2,773 3/	+8	+3
March-May	3,043	3,299	3,134 3/	+8	-5
Dec. 2/-May	5,560	6,025	5,907 3/	+8	-2
June-August	2,957	3,078		+4	
Sept.-Nov.	2,857	2,924		+2	
June-Nov.	5,814	6,002		+3	
Pig crop					
Dec. 1/-Feb.	19,442	21,077		+8	
March-May	23,914	25,757		+8	
Dec. 1/-May	43,356	46,834	45,779 3/	+8	
June-August	22,905	23,454		+2	
Sept.-Nov.	22,806	22,278		+1	
June-Nov.	44,991	45,732		+2	
Pigs per litter					
Dec. 2/-Feb.	7.73	7.73		0	
March-May	7.86	7.81		-1	
Dec. 2/-May	7.80	7.77	7.75 3/	0	0
June-Aug.	7.75	7.62		-2	
Sept.-Nov.	7.73	7.62		-1	
June-Nov.	7.74	7.62		-2	

1/ March and September inventories not available for United States prior to 1988. 2/ December preceding year. 3/ Intentions.

### Returns Drop, Hog Inventories Peak in 1988

Hog producers expanded inventories about 15 percent between mid-1986 and mid-1988 in response to positive, and historically favorable, returns. The growth was stunted in mid-1988 as drought pushed feed costs substantially higher, and rising hog supplies drove prices lower. Returns to hog producers were below breakeven in the last several months of 1988, prompting a reduction in breeding herds. By December 1, 1988, the number of U.S. hogs kept for breeding had decreased 7 percent from June 1, and was 2 percent

Table 3--Hogs on farms December 1, farrowings  
and pig crops, 10 States 1/

Item	1987	1988	1989	1988 1987	1989 1988
	1,000 head			% change	
Inventory	42,995	43,010		0	
Breeding	5,510	5,315		-4	
Market	37,485	37,695		+1	
Under 60 lb	14,085	13,795		-2	
60-119 lb	9,470	9,747		+3	
120-179 lb	7,630	7,898		+4	
180 + lb	6,300	6,255		-1	
Sows farrowing					
Dec. 2/-Feb.	1,924	2,123	2,123	+10	0
March-May	2,364	2,578	2,434	+9	-6
Dec. 2/-May	4,288	4,701	4,557 3/	+10	-3
June-Aug.	2,284	2,359		+3	
Sept.-Nov.	2,266	2,256		0	
June-Nov.	4,550	4,615		+1	
Pig crops					
Dec. 2/-Feb.	14,920	16,489		+11	
Mar.-May	18,704	20,175		+8	
Dec. 2/-May	33,624	36,664		+9	
June-Aug.	17,692	18,007		+2	
Sept.-Nov.	17,572	17,177		-2	
June-Nov.	35,264	35,184		0	
Pigs per litter					
Dec. 2/-Feb.	7.75	7.77		0	
March-May	7.91	7.83		-1	
Dec. 2/-May	7.84	7.80		-1	
June-Aug.	7.75	7.63		-2	
Sept.-Nov.	7.75	7.61		-2	
June-Nov.	7.75	7.62		-2	

1/ Ga., Ill., Ind., Ia., Kan., Minn., Mo., Neb., NC, and Ohio. 2/ Dec. preceding year. 3/ Intentions.

below a year earlier. Thus, hog inventories may have peaked, at least temporarily, in 1988.

Largely owing to higher feed prices, the annual average cost of farrow-to-finish hog production in 1989 could be about \$7 per cwt higher than in 1988. The increase in hog prices is not expected to match the rise in production costs, so net returns will likely be lower. Though returns after cash expenses are expected to be positive, returns after all costs could average below breakeven through most of the year. Consequently, breeding inventories could continue to decline into early 1989.

However, if 1989 crop conditions are normal and feed costs moderate, returns will likely improve as the year progresses. Further liquidation could be limited, and inventories could stabilize by mid-1989. If so, the total herd reduction will have been modest compared with previous liquidation phases of the hog cycle.

### 1989 Pork Production and Hog Prices

The distinguishing characteristic of the 1989 outlook for hog prices could be the suppression of typical seasonal trends: relatively small price changes are expected between winter and spring, between spring and summer, and between summer and fall.



Table 4--Farrow-to-finish hog production costs and returns, 1,600 head annual sales, North Central Region 1/

Item	1988											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
Dollars per cwt												
Cash receipts: 2/												
Market hogs (94.25 lb)	42.37	44.24	40.49	40.13	44.43	45.94	43.25	43.63	38.91	37.20	34.96	39.50
Cull sows (5.75 lb)	1.90	2.02	1.95	1.99	2.10	1.90	1.76	1.90	1.86	1.75	1.55	1.62
Total	44.27	46.26	42.44	42.12	46.53	47.84	45.01	45.53	40.77	38.95	36.51	41.12
Cash expenses:												
Feed--												
Corn (345.6 lb)	9.60	9.82	9.91	10.38	10.37	10.41	10.60	10.66	11.50	13.50	14.93	14.76
Soybean meal (70.6 lb)	7.32	7.39	7.39	7.39	8.43	8.43	8.43	9.92	9.92	9.92	11.03	11.03
Mixing concentrates (14.3 lb)	2.84	2.82	2.82	2.82	2.85	2.85	2.85	2.85	2.85	2.85	2.86	2.86
Total feed	19.76	20.03	20.12	20.59	21.65	21.69	21.88	23.43	24.27	26.27	28.82	28.65
Other:												
Veterinary and medicine 3/	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.74	0.74
Fuel, lube, and electricity	1.48	1.50	1.50	1.50	1.50	1.50	1.50	1.51	1.51	1.51	1.51	1.51
Machinery and building repairs	2.42	2.42	2.42	2.45	2.45	2.45	2.45	2.45	2.45	2.46	2.46	2.46
Hired labor 4/	1.27	1.27	1.27	1.38	1.38	1.38	1.38	1.38	1.38	1.43	1.43	1.43
Miscellaneous	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Total variable expenses	26.27	26.56	26.65	27.26	28.32	28.36	28.55	30.11	30.95	33.01	35.58	35.41
General farm overhead	1.53	1.61	1.47	1.46	1.62	1.67	1.57	1.59	1.42	1.36	1.28	1.44
Taxes and insurance	0.63	0.63	0.63	0.63	0.71	0.71	0.71	0.71	0.71	0.71	0.74	0.74
Interest	3.73	3.89	3.57	3.54	3.96	4.07	3.83	3.87	3.47	3.31	3.12	3.51
Total fixed expenses	5.89	6.13	5.67	5.63	6.29	6.45	6.11	6.17	5.60	5.38	5.14	5.69
Total cash expenses 5/	32.16	32.69	32.32	32.89	34.61	34.81	34.66	36.28	36.55	38.39	40.72	41.10
Receipts less cash expenses	12.11	13.57	10.12	9.23	11.92	13.03	10.35	9.25	4.22	0.56	-4.21	0.02
Capital replacement	5.79	5.84	5.84	5.84	5.91	5.91	5.91	5.91	5.91	5.91	5.94	5.94
Receipts less cash expenses and replacement	6.32	7.73	4.28	3.39	6.01	7.12	4.44	3.34	-1.69	-5.35	-10.15	-5.92

1/ The feed rations and expense items do not necessarily coincide with the experience of individual hog operations and are an average of a group of operators. For individual use, adjust expenses and prices for management, production levels and locality of operation. 2/ Based on 94.25 lb of barrows and gilts liveweight and 5.75 lb of sows per cwt sold. 3/ Includes costs for feed medication, which is usually included as part of the feed cost. 4/ Based on .204 hours per cwt of liveweight hog marketed. 5/ Does not include a charge for family or operator labor (.732 hours) or a charge for land and fixed assets.

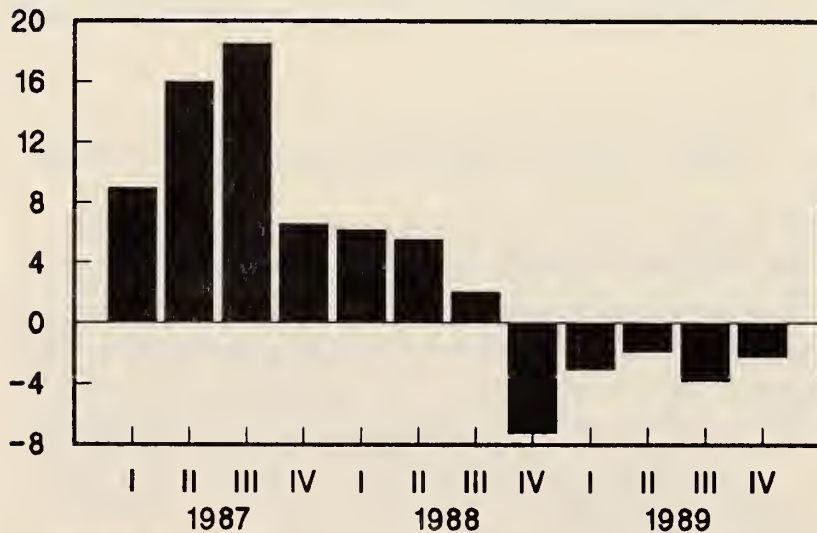
Table 5--Corn Belt hog feeding: Selected costs at current rates 1/

Purchased during 1988 Marketed during 1988-89	Jan. May	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.	Aug. Dec.	Sept. Jan.	Oct. Feb.	Nov. Mar.	Dec. Apr.
Expenses: (\$/head)												
40-50 lb feeder pig	37.47	44.80	48.65	52.16	46.85	31.40	27.57	27.39	28.30	30.95	27.99	29.17
Corn (11 bu)	19.08	20.02	20.13	20.52	21.34	26.46	29.86	28.88	28.38	28.00	22.00	27.45
Protein supplement (130 lb)	20.28	20.28	20.30	20.02	20.02	20.02	25.29	25.29	25.29	23.92	23.92	23.92
Total feed	39.36	40.30	40.43	40.54	41.36	46.48	55.15	54.17	53.67	51.92	45.92	51.37
Labor & management (1.3 hr)	10.86	10.86	10.86	12.27	12.27	12.27	12.12	12.12	12.12	12.61	12.61	12.61
Vet medicine 2/	2.70	2.70	2.70	2.74	2.74	2.74	2.80	2.80	2.80	2.84	2.84	2.84
Interest on purchase (4 mo)	1.40	1.68	1.82	1.92	1.72	1.15	1.03	1.02	1.05	1.20	1.09	1.16
Power, equip, fuel, shelter depreciation 2/	6.55	6.55	6.55	6.67	6.67	6.67	6.81	6.81	6.81	6.90	6.90	6.90
Death loss (4% of purchase)	1.50	1.79	1.95	2.09	1.87	1.26	1.10	1.10	1.13	1.24	1.13	1.17
Transportation (100 miles)	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48
Marketing expenses	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Miscel. & indirect costs 2/	.67	.67	.67	.68	.68	.68	.70	.70	.70	.71	.71	.71
Total	102.13	110.97	115.25	120.69	115.78	104.27	108.90	107.73	108.20	109.99	100.81	107.55
Selling price required To cover: (\$/cwt)												
Feed and feeder costs (220 lb)	34.92	38.68	40.49	42.14	40.10	35.40	37.60	37.07	37.26	37.67	33.60	36.61
All costs (220 lb)	46.42	50.44	52.39	54.86	52.63	47.40	49.50	48.97	49.18	50.00	45.82	48.89
Feed cost per 100-lb gain (180 lb)	21.87	22.39	22.46	22.52	22.98	25.82	30.64	30.09	29.82	28.84	25.51	28.54
Barrows and gilts, (7 mkts)	47.55	48.06	45.57	46.10	41.04	38.95	36.45	40.58				
Net margin	1.13	-2.38	-6.82	-8.76	-11.59	-8.45	-13.05	-8.39				
Prices:												
40-lb feeder pig (So. Missouri) \$/head	37.47	44.80	48.65	52.16	46.85	31.40	27.57	27.39	28.30	30.95	28.21	29.17
Corn \$/bu 3/	1.74	1.82	1.84	1.86	1.94	2.42	2.72	2.62	2.58	2.54	2.00	2.50
Protein supp. (38-42%) \$/cwt 4/	15.60	15.60	15.60	15.40	15.40	15.40	19.45	19.45	19.45	18.40	18.40	18.40
Labor & management \$/hr 5/	8.35	8.35	8.35	9.44	9.44	9.44	9.32	9.32	9.32	9.70	9.70	9.70
Interest rate (annual)	11.22	11.22	11.22	11.02	11.02	11.02	11.17	11.17	11.17	11.62	11.62	11.62
Transportation rate (\$/cwt 100 miles) 6/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses (\$/cwt) 7/	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Index of prices paid by farmers (1910-14=100)	1138	1138	1138	1158	1158	1158	1182	1182	1182	1198	1198	1198

1/ Although a majority of operations in the Corn Belt are from farrow-to-finish, relative fattening expenses will be similar. Costs represent only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. 2/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 3/ Average price received by farmers in Iowa and Illinois. 4/ Average prices paid by farmers in Iowa and Illinois. 5/ Assumes an owner-operator receiving twice the farm labor rate. 6/ Converted from cents/mile for a 44,000-pound haul. 7/ Yardage plus commission fees at a Midwest terminal market.

## Net Returns to Hog Producers

\$/cwt



Farrow-to-finish operations.

Table 6--Sow slaughter balance sheet, 10 States

Item	1986	1987	1988	1989
Million head				
December 1 breeding 1/	5.3	5.1	5.5	5.3
December-February				
Comm. sow slaughter 2/	.7	.6	.7	
Gilts added	.3	.7	.7	
March 1 breeding	4.9	5.2	5.5	
March-May				
Comm. sow slaughter 2/	.6	.6	.9	
Gilts added	.6	.7	1.0	
June 1 breeding	4.9	5.3	5.6	
June-August				
Comm. sow slaughter 2/	.7	.8	1.2	
Gilts added	.7	.8	1.1	
September 1 breeding	4.9	5.3	5.5	
September-November				
Comm. sow slaughter	.7	.7	1.1	
Gilts added	.9	.8	.9	

1/ December previous year. 2/ 75 percent of estimated U.S. commercial sow slaughter.



Table 7--Hogs and pigs balance sheet

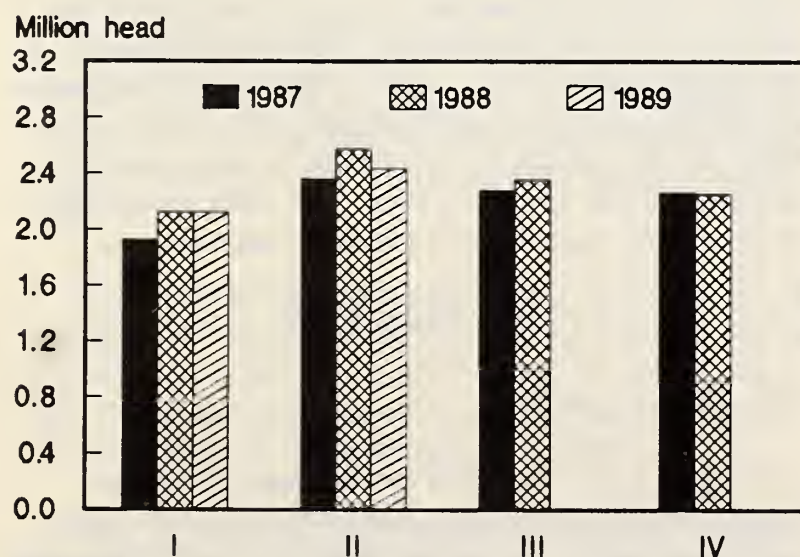
Year	Dec. 1 inventory 1/	Dec.-May pig crop 1/	Total supply	Comm'l slaughter Dec.-May	Other disappear- ance 2/	June 1 inventory	June-Nov. pig crop	Total supply	Comm'l slaughter June-Nov.	Other disappear- ance 2/
1,000 head										
1975	54,693	35,530	90,223	37,854	4,509	47,860	35,656	83,516	31,666	2,583
1976	49,267	42,177	91,444	34,691	2,823	53,930	42,218	96,148	38,051	3,163
1977	54,934	42,960	97,894	39,435	3,999	54,460	43,202	97,662	38,219	2,904
1978	56,539	42,481	99,020	38,947	4,833	55,240	46,031	101,271	38,462	2,453
1979	60,356	50,551	110,907	41,217	4,617	65,020	52,241	117,261	46,627	3,316
1980	67,318	52,288	119,606	49,294	5,057	65,255	49,432	114,687	46,216	4,009
1981	64,462	47,605	112,067	47,503	4,824	59,740	46,248	105,988	43,991	3,299
1982	58,698	41,575	100,273	43,938	4,075	52,260	43,614	95,874	39,646	1,694
1983	54,534	47,409	101,943	41,516	2,482	57,945	45,746	103,691	45,146	1,851
1984	56,694	42,403	99,097	44,147	2,135	52,815	44,183	96,998	41,840	1,085
1985	54,073	42,545	96,618	42,814	1,554	52,250	43,484	95,734	41,771	1,650
1986	52,313	40,392	92,705	41,519	2,361	48,825	41,997	90,822	38,183	1,719
1987	50,920	43,356	94,276	39,486	2,590	52,200	44,991	97,191	40,577	1,994
1988	54,620	46,834	101,454	43,123	2,066	56,265	45,732	101,997	44,486	2,212
1989	55,299	45,779 3/	101,078							

1/ December previous year. 2/ Includes imports, exports, death loss, farm slaughter, etc. 3/ Based on farrowing intentions.

These expectations are based on sows farrowing between mid-1988 and early 1989. Compared with a year earlier, the June-August 1988 pig crop was up 2 percent, and the September-November crop showed a 1-percent rise. December 1988-February 1989 farrowing intentions were up 2 percent, while March-May 1989 intentions dropped 5 percent from the previous year.

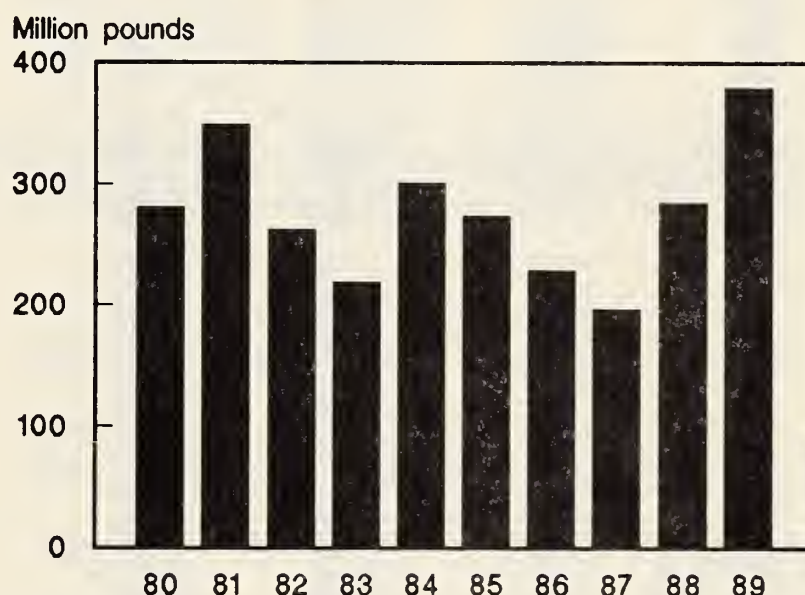
Apparently, liquidation of breeding herds was modest until late October or November. Up to that point, producers generally proceeded with initial breeding and farrowing plans. There was relatively little liquidation of bred sows and gilts, and some animals that did not conceive in the summer heat were re-bred. Thus, some of the farrowings originally scheduled for September-November were shifted to December-February. As a result, hog slaughter in the first and third quarters of 1989 could be large relative to the second and fourth quarters.

### 10-State Sow Farrowings



1989 estimated.

### Frozen Pork Beginning Stocks



In the first quarter of 1989, commercial pork production is expected to total about 3.9 billion pounds, up 3 percent from a year ago. Following a 2-percent increase in the June-August 1988 pig crop, commercial hog slaughter in the first quarter may rise almost 4 percent, to 22 million head. Barrow and gilt prices at the 7 markets will likely average in the low to mid \$40's per cwt during January-March, compared with \$45 a year earlier.

Second-quarter marketings will be drawn from the fall 1988 pig crop, which was affected by hot weather during the May-July breeding season. Actual farrowings during

September-November 1988 were 2 percent below previous intentions, and the number of pigs saved per litter dropped from 7.73 in 1987 to 7.62 in 1988. Compared with a year earlier, the fall pig crop was up 1 percent nationwide, but down 2 percent in the 10 quarterly-reporting States, where summer heat was very severe. Based primarily on the national pig crop, second-quarter 1989 hog slaughter is projected



Table 8--Federally inspected hog slaughter

Week ended	1986	1987	1988
Thousands			
Jan. 9	1,675	1,683	1,717
16	1,654	1,659	1,766
23	1,563	1,527	1,605
30	1,506	1,500	1,543
Feb. 6	1,526	1,455	1,535
13	1,512	1,502	1,544
20	1,501	1,395	1,542
27	1,606	1,533	1,595
Mar. 5	1,635	1,556	1,600
12	1,650	1,578	1,674
19	1,556	1,574	1,639
26	1,579	1,504	1,631
Apr. 2	1,518	1,529	1,599
9	1,633	1,553	1,573
16	1,651	1,468	1,655
23	1,619	1,393	1,659
30	1,637	1,453	1,695
May 7	1,607	1,475	1,653
14	1,560	1,440	1,633
21	1,518	1,448	1,577
28	1,310	1,232	1,533
June 4	1,471	1,385	1,323
11	1,459	1,372	1,489
18	1,373	1,341	1,513
25	1,330	1,356	1,510
July 2	1,118	1,193	1,537
9	1,390	1,360	1,330
16	1,349	1,345	1,537
23	1,281	1,354	1,543
30	1,314	1,330	1,456
Aug. 6	1,338	1,372	1,525
13	1,369	1,445	1,571
20	1,402	1,404	1,513
27	1,419	1,475	1,563
Sept. 3	1,257	1,548	1,608
10	1,492	1,363	1,517
17	1,504	1,709	1,799
24	1,504	1,621	1,868
Oct. 1	1,521	1,658	1,802
8	1,555	1,638	1,821
15	1,528	1,720	1,837
22	1,551	1,664	1,845
29	1,580	1,786	1,895
Nov. 5	1,576	1,791	1,908
12	1,537	1,778	1,826
19	1,557	1,770	1,917
26	1,308	1,463	1,561
Dec. 3	1,530	1,845	1,955
10	1,548	1,879	1,887
17	1,503	1,727	1,799
24	1,069	1,150	1,663
31	1,258	1,458	1,420

1/ Corresponding dates to 1988: 1986, January 11; 1987, January 10.

near 20.9 million head, unchanged from a year earlier. Commercial pork production may decline slightly to 3.7 billion pounds, because of lighter weights.

Because of the smaller fall pig crop, the seasonal winter-to-spring rise in hog slaughter will probably be less than usual in 1989. The seasonal decline in hog prices may therefore be shortened, with barrow and gilt prices bottoming in the low \$40's per cwt. Weekly kills could begin to trend downward in April, earlier than usual, and continue to

decline into June. Prices may strengthen considerably during the spring, averaging in the high \$40's in the second quarter. Additionally, the anticipated reduction in fed beef supplies could provide a significant boost to second-quarter pork prices, with pork loins likely benefiting the most.

The second-quarter price rise could stall in the third quarter because of a counter-seasonal increase in pork supplies. If producers follow through with farrowing intentions for December 1988-February 1989, third-quarter hog slaughter will likely be 1 percent larger than a year earlier, at about 22.5 million head. Commercial pork production could rise to around 3.8 billion pounds. Cold storage stocks, which are usually liquidated in the summer months, could also add significantly to pork supplies. Combining freezer stocks with fresh pork production, total third-quarter pork supplies could rise 4 percent from the second quarter, compared with a 15-year average decline of about 4 percent. Consequently, third-quarter barrow and gilt prices may average only in the mid \$40's per cwt, similar to a year earlier.

The liquidation of breeding inventories in fall 1988 can be expected to show up in reduced hog slaughter in the final quarter of 1989. Producers reported intentions to have 5 percent fewer sows farrow during March-May 1989 than a year earlier. Fourth-quarter hog slaughter is therefore projected to fall approximately 6 percent from a year earlier, to around 22.7 million head. Commercial pork production is expected to be near 4.05 billion pounds. The seasonal decline in hog prices from summer to fall will likely be less than usual, because of a smaller rise in slaughter. The fourth-quarter average price of barrows and gilts at the 7 markets could hold in the mid \$40's per cwt, up sharply from \$39 in 1988.

### *Retail Pork Prices To Rise*

Retail composite pork prices in 1988 declined 3 percent from 1987 as pork production rose 9 percent and other meat supplies remained large. In 1989, pork prices are expected to rise 1 to 3 percent. Other meat supplies are expected to decline slightly. The large number of jobholders will lend strength to the retail pork market. Farm-to-retail spreads averaged around \$1.14 a pound in 1988, up 8 percent from a year earlier as hog prices dropped sharply in second-half 1988. In 1989, with hog prices relatively stable, spreads may average near last year's level. The wider spread may reflect a higher valued product due to closer trim.

## **U.S. Pork Trade**

### *U.S. Pork Imports*

U.S pork imports for 1989 are forecast at 1.2 billion pounds, virtually unchanged from 1988. However, several issues have arisen between the United States and Canada and the European Community. These are the United States' two



Table 9--Pork: Retail, wholesale, and farm values, spreads, and farmers' share

Year	Retail price 1/	Wholesale value 2/	Gross farm value 3/	By-product allowance 4/	Net farm value 5/	Farm retail spread			Farmers' share 6/
						Total	Wholesale-retail	Farm-wholesale	
Cents per pound						Percent			
1982	175.4	121.8	94.3	6.3	88.0	87.4	53.6	33.8	50
1983	169.8	108.9	81.4	4.9	76.5	93.3	60.9	32.4	45
1984	162.0	110.1	83.3	5.9	77.4	84.6	51.9	32.7	48
1985	162.0	101.1	76.2	4.8	71.4	90.6	60.9	29.7	44
1986	178.4	110.9	87.3	4.9	82.4	96.0	67.5	28.5	46
1987	188.4	113.0	87.9	5.2	82.7	105.7	75.4	30.3	44
I	185.0	103.8	81.8	5.0	76.8	108.2	81.2	27.0	41
II	183.4	116.6	95.6	5.5	90.1	93.3	66.8	26.5	49
III	195.5	124.3	100.3	5.9	94.4	101.1	71.2	29.9	48
IV	189.7	107.4	74.0	4.3	69.7	120.0	82.3	37.7	37
1988									
Jan.	185.3	104.0	75.9	4.6	71.3	114.0	81.3	32.7	38
Feb.	183.1	105.3	80.3	4.8	75.5	107.6	77.8	29.8	41
Mar.	183.3	103.5	72.9	4.3	68.6	114.7	79.8	34.9	37
I	183.9	104.3	76.4	4.6	71.8	112.1	79.6	32.5	39
Apr.	182.9	102.5	71.4	4.2	67.2	115.7	80.4	35.3	37
May	183.6	106.4	80.8	4.7	76.1	107.5	77.2	30.3	41
June	187.9	106.3	81.7	4.9	76.8	111.1	81.6	29.5	41
II	184.8	105.1	78.0	4.6	73.4	111.4	79.7	31.7	40
July	187.4	100.0	77.4	4.8	72.6	114.8	87.4	27.4	39
Aug.	185.5	101.4	78.1	4.7	73.4	112.1	84.1	28.0	40
Sept.	184.9	97.2	69.5	4.4	65.1	119.8	87.7	32.1	35
III	185.9	99.5	75.0	4.6	70.4	115.5	86.4	29.1	38
Oct.	181.6	95.8	66.4	4.2	62.2	119.4	85.8	33.6	34
Nov.	178.0	92.2	62.1	3.8	58.3	119.7	85.8	33.9	33
Dec.	177.4	97.8	70.1	4.1	66.0	111.4	79.6	31.8	37
IV	179.0	95.3	66.2	4.0	62.2	116.8	83.7	33.1	35
Year	183.4	101.0	73.8	4.6	69.4	114.0	82.4	31.6	38

1/ Estimated weighted-average of BLS prices of retail cuts from pork carcass. 2/ Value of wholesale quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.06 is used. 3/ Market values to producer for 1.7 lb of live animal, equivalent to 1 lb of retail cuts. 4/ Portion of gross farm value attributable to edible and inedible by-products. 5/ Gross farm value minus by-product allowance. 6/ Percent net farm value is of retail price.

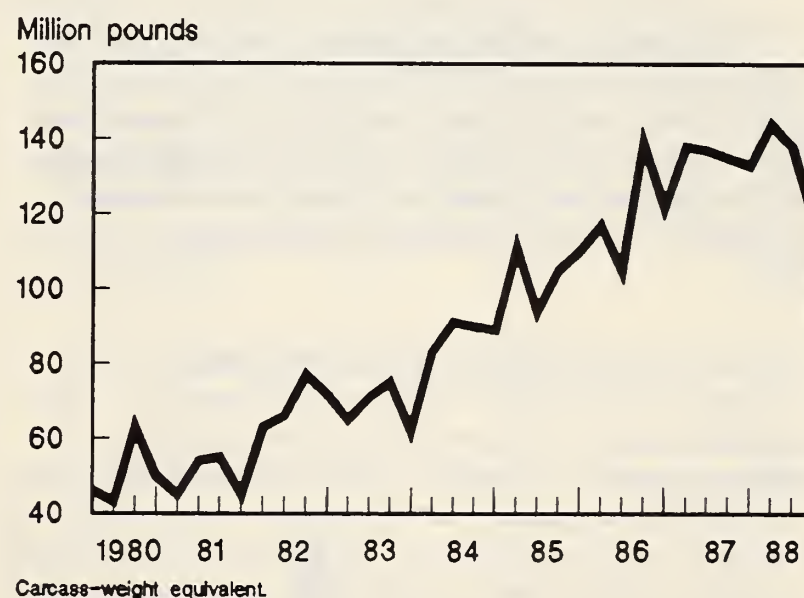
major foreign pork suppliers, responsible for 44 and 31 percent of the U.S. import market, respectively. The resolution of these problems could affect the 1989 pork trade forecast.

On January 5, the National Pork Producers Council (NPPC) filed a petition with the U.S. International Trade Commission (USITC) and the Department of Commerce requesting that a countervailing duty be imposed upon fresh, chilled, and frozen pork imports from Canada. The NPPC is arguing that Canadian federal and provincial support programs are providing Canadian pork producers with an unfair advantage. In addition, the NPPC claims that there has been an increase in pork imports as a result of the U.S. countervailing duty on live hogs. The NPPC has argued that after the duty was imposed, live hogs were slaughtered and shipped across the border as pork to avoid the duty (Figures 1 and 2).

The Canadian Pork Council is arguing against the imposition of a countervailing duty. The Council contends that the increase in pork imports is part of a long-term trend, and is the result of exchange rate movements which favor the Canadian dollar and demand in the U.S. market.

The USITC is scheduled to vote on February 15 to determine whether U.S. pork producers have been harmed by Canadian imports. These findings will be published on

## U.S. Pork Imports From Canada



February 21, and if it is decided that U.S producers have been harmed, the Commerce Department will quantify the injury and establish an initial duty deposit rate which offsets it. Countervailing duties are permitted under the Canadian-U.S. Free Trade Agreement to offset the effects of government support policies.

The impacts of a USITC finding of harm are uncertain. The International Trade Administration of the Commerce



Department is not required to return its findings within a specified period, so it is possible that any initial deposit rate would have no impact upon pork imports in 1989.

Canada is the largest exporter of pork to the United States and the United States is the largest export market for Canada. According to U.S. Commerce Department data, imports of pork products from Canada in the first 11 months of 1988 totaled 482 million pounds carcass weight, approximately 4 percent below imports for the same period in 1987. Hog imports for the same period equaled 782,051 head, almost double the same period a year ago.

Analysis of pork/hog trade patterns based upon 1987-1988 comparisons should be performed with caution. Pork imports were reduced and live hog imports increased as a result of labor problems in the Canadian packing industry during the last half of 1988. These problems have for the most part been settled, and the spillover of Canadian hogs to U.S. packers is expected to decrease.

Live hog imports could rise as a result of the January 9 publication of the decision by the U.S. Commerce Department to lower the countervailing duty on live hogs to C\$2.20 per cwt. This reduction is expected, in the absence of other policy changes, to continue the shift toward live imports at the expense of pork. Imposition of a countervailing duty on fresh, chilled, and frozen pork could accelerate this shift; the degree to which this would occur would depend upon the relative rates of duty.

On the whole, Canadian pork production is expected to decline by about 2 percent in 1989 as a result of increased feed costs and declining hog prices in 1988. Although there were no second-quarter payouts under the national tripartite stabilization program, it has been reported that substantial payouts will be made for the third and fourth quarters of 1988.

## U.S. Live Hog Imports From Canada

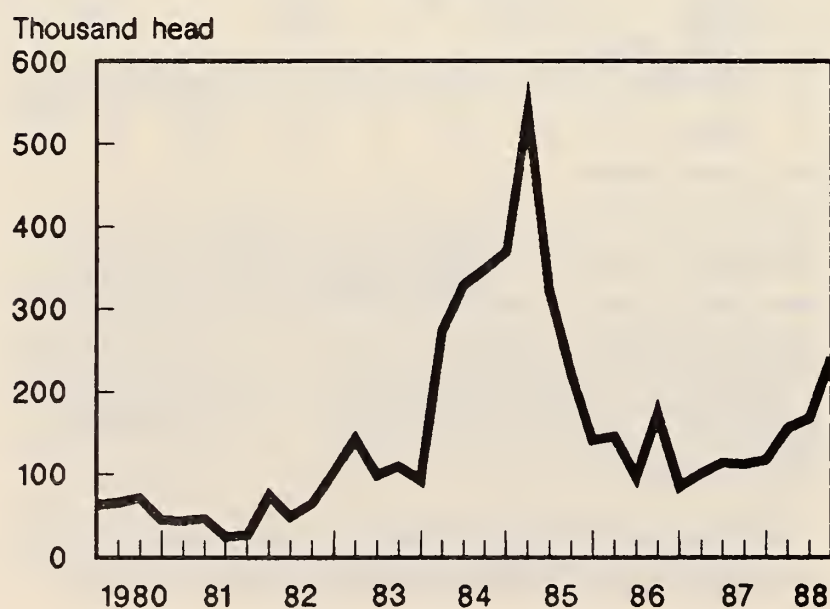


Table 10--U.S. live hogs trade 1/

Country or area	Annual 1987	January-November		
		1987	1988	1988
		1987		
Million pounds				Percent change
Imports				
Mexico	445.9	395.0	782.0	98.0
Other	.2	.2	.8	304.1
Total	446.1	395.2	782.8	98.1
Exports				
Venezuela	.5	.2	2.5	922.9
Mexico	1.2	1.1	55.0	4,907.1
Other	5.6	5.2	4.1	-21.0
Total	7.4	6.5	61.7	843.7

1/ May not add due to rounding. Percent change calculated from unrounded data.

The other major trade issues concern the European Community. The EC-U.S. hormone dispute has so far had only a minor spillover effect on pork imports. In retaliation for the ban on U.S. beef in Europe, the United States has placed a 100-percent tariff on preserved or processed hams and shoulders which have not been cooked, boned, or sealed in airtight containers. This category covers primarily dried specialty products such as Prosciutto and Black Forest hams. U.S. imports of these products were less than \$1 million in recent years.

Under the EC hormone ban, application of all non-therapeutic hormones in livestock production is forbidden. Tests of European beef in Europe have, in several cases, revealed hormone residues including diethylstilbestrol (DES) a hormone banned in both the United States and Europe. Based on these results, the USDA's Food Safety and Inspection Service (FSIS) has expressed concern that a hormone black market exists within the EC, and that the unregulated use of hormones presents a risk to the health of importing nations.

As a result of these concerns but unrelated to the EC ban on imports of U.S. beef, the FSIS has issued a warning to nine EC countries requiring that they prove their inspection procedures are equal to those of the United States, and that meat shipped to the United States is hormone residue-free by April 1, 1989, or face a ban on meat exports to the United States.

Between 1984 and 1987, European Community pork exports to the United States averaged just under 400 million pounds per year. In 1987, U.S. imports of EC pork were valued at almost \$390 million.

Over 90 percent of the pork imported from the EC came from Denmark. Denmark is the second largest exporter to the U.S. market and exported approximately 288 million pounds of pork between January and November of 1988. Exports to the United States represent approximately 10 percent of Danish production. However, in recent years Danish ex-



ports to the United States have declined slightly, as a result of an appreciating kroner-dollar exchange rate, declining Danish production, and increasing demand from other export markets, primarily other EC countries and Japan.

In 1989 it is forecast that Danish pork production will decline as a part of a general contraction in EC production, and that some Danish supplies will be diverted to other EC countries. Danish exports to the United States are expected to continue their modest decline regardless of the outcome of the EC-U.S. hormone issue.

Imports of Eastern European pork could offset some of this decline in imports from Canada and the EC. Eastern European pork production is expected to increase in 1989, but some uncertainty exists as to the impact of economic reform on the Polish hog sector.

### Pork Exports

U.S. pork exports for 1989 are forecast to be 130 million pounds, down almost one-third from year-ago levels. This drop is expected as a result of a decline in pork exports to Mexico and Japan. Indications are that Taiwan has been successful in maintaining its market share despite concerns about sulfamethazine residues in Taiwanese exports of pork to Japan. Total Japanese imports are expected to remain unchanged in 1989, and with Taiwan's recovery, Japanese imports of U.S. pork are expected to decline from 1988 levels. For the first 11 months of 1988, U.S. exports of pork to Japan exceeded 110 million pounds.

Exports of both live hogs and pork to Mexico have remained strong as a result of the Mexican Government's loosening of import licensing. For the first 11 months of 1988 exports of pork to Mexico were slightly more than 29 million pounds, while hog exports to Mexico exceeded

55,000 head. However, this massive increase is expected to be a short-term response to a political problem, and should not carry over into 1989.

The EC hormone dispute is threatening to spill over into U.S. pork exports, although to a considerably lesser degree than in beef. Although the EC hormone ban applies to all meats, the EC will permit pork imports through May 31, 1989. In the meantime, the EC wants to conduct onsite inspection to determine the level of anabolic hormones in U.S. pork. U.S. pork producers argue that hormones are not used in the production of U.S. pork, and that testing to meet EC compliance would have to be at producers' expense. An EC decision is expected at the end of May.

U.S. exports of pork to the EC have declined sharply in recent years, and by 1987 equaled less than 4.8 million pounds or \$3.1 million. This equaled 4 percent of total U.S. export volume but less than 3 percent of value. Exports of pork variety meats, on the other hand, continued declining but still equaled 20 million pounds, with a value of \$9.1 million in 1987.

### Cattle

Drought and sharply higher feed costs likely led to another delay in herd expansion and kept beef production at year-earlier levels in 1988. Cattle slaughter fell nearly 2 percent, but commercial dressed weights increased 11 pounds, offsetting the decline. Increased fed steer and heifer slaughter, a decline in nonfed slaughter, and continued heavier placement weights resulted in steer and heifer weights rising 11 and 9 pounds, respectively. Cow dressed weights rose about 9 pounds, as the proportion of dairy cows in the slaughter mix rose from 45 percent in 1987 to 48 percent in 1988. For 1988, beef cow slaughter declined more than 7 percent from a year ago, while dairy cow slaughter was up slightly.

Beef production is expected to decline 6 to 7 percent in 1989. The sharpest year-to-year decreases are expected from late spring through the second half of the year. These expectations assume normal weather and that larger numbers of heifers will be retained for the breeding herd rather than placed on feed, particularly in late spring-early summer. A better view on the 1989 outlook will be available when the *Cattle* report showing the January 1 inventory is released on February 8.

The quarterly 13-State *Cattle on Feed* report, to be released January 26, will provide a view on heifer placement on feed during the fall quarter, when sharp year-to-year increases in corn prices and a \$20 to \$25 rise in hay prices prevailed. On October 1, 1988, while steers on feed were 6 percent below a year earlier, heifers on feed were down only 2 percent. Feedlot placements during the fourth quarter like-

Table 11--U.S. pork trade, carcass weight 1/

Country or area	Annual 1987	January-November		
		1987	1988	1988
		----- 1987		
		Million pounds	Percent change	
Imports				
Canada	545.6	502.9	481.6	-4.2
Denmark	345.3	319.9	288.5	-9.8
Poland	125.3	113.7	116.5	2.4
Hungary	50.0	45.7	40.6	-11.2
Other	128.9	116.8	118.8	1.7
Total	1,195.1	1,099.1	1,045.9	-4.8
Exports				
Japan	61.7	55.5	110.9	99.9
Canada	9.4	9.0	8.2	-8.4
Mexico	7.1	3.5	29.1	726.5
Caribbean	12.3	11.3	9.3	-17.5
Other	18.8	16.6	18.0	8.0
Total	109.3	95.9	175.5	83.1

1/ Data may not add due to rounding. Percent change calculated from unrounded data.



Table 12--Federally inspected cattle slaughter

Week ended	Cattle			Steers			Cows								
							Total			Dairy			Dairy/total		
	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988
	Thousands									Percent					
Jan. 9	757	741	664	343	349	328	189	148	132	79	66	64	42	45	48
16	755	766	722	343	360	358	176	151	127	72	67	63	41	44	50
23	704	707	701	321	336	353	153	124	125	67	61	59	44	49	47
30	669	673	673	308	332	340	143	128	117	62	64	56	43	50	48
Feb. 6	655	674	644	307	316	335	144	135	114	64	67	57	44	50	50
13	651	621	636	310	303	332	122	119	103	58	59	53	48	50	51
20	638	602	637	289	292	316	126	109	118	59	55	59	47	50	50
27	676	657	640	318	326	317	136	121	121	64	65	58	47	54	48
Mar. 5	637	678	618	297	337	307	130	127	115	62	67	57	48	53	50
12	638	646	609	304	311	298	128	124	105	61	58	54	48	47	52
19	646	624	622	305	300	312	131	111	106	61	55	54	47	49	51
26	641	616	607	295	303	304	135	116	108	64	58	53	47	50	49
Apr. 2	669	652	617	315	328	315	157	121	106	89	57	51	57	47	48
9	716	649	600	354	333	300	148	114	101	97	51	50	65	45	50
16	705	681	619	339	349	315	137	119	110	86	52	54	63	44	49
23	719	639	670	342	330	349	159	117	108	92	48	49	58	41	45
30	719	635	674	334	321	356	157	118	109	84	48	50	53	41	46
May 7	706	631	664	327	309	358	149	116	105	77	46	47	52	40	45
14	731	700	663	339	348	344	156	124	108	74	50	47	47	37	44
21	729	695	682	334	355	348	158	131	118	77	49	48	49	37	41
28	643	613	689	310	308	355	136	107	125	64	43	52	47	40	42
June 4	720	680	575	364	351	298	142	117	96	66	50	39	46	43	41
11	735	669	681	375	340	336	143	115	121	66	49	51	46	43	42
18	691	649	678	327	320	338	140	123	129	65	49	53	46	40	41
25	731	680	677	343	339	344	147	129	120	69	52	50	47	40	42
July 2	612	621	682	289	316	348	123	109	119	59	47	50	48	43	42
9	734	652	609	342	338	306	149	114	108	74	51	51	50	45	48
16	746	682	724	354	339	341	163	128	135	75	53	62	46	41	46
23	732	672	691	346	333	360	151	121	116	71	51	55	47	42	47
30	685	676	694	310	339	346	148	123	112	75	56	57	51	46	51
Aug. 6	723	694	675	339	335	336	141	123	111	71	58	54	50	47	49
13	767	713	694	361	354	346	150	124	112	78	58	57	52	47	50
20	733	692	688	341	336	337	147	129	115	71	63	54	48	49	47
27	718	706	678	333	341	328	146	132	121	74	66	58	51	50	48
Sept 3	619	690	703	291	324	328	116	119	115	55	54	55	47	45	48
10	734	624	614	332	293	288	134	100	101	59	44	49	44	44	49
17	722	729	692	352	337	333	145	122	124	66	53	58	46	43	47
24	678	677	672	337	312	332	143	123	119	63	57	58	44	46	49
Oct. 1	694	684	667	359	324	316	134	116	118	62	53	58	46	46	49
8	686	690	674	342	340	309	137	120	125	64	53	57	47	44	46
15	690	696	677	318	338	311	150	128	128	66	55	56	44	43	44
22	688	676	671	322	319	312	152	136	131	61	57	58	40	42	44
29	696	663	676	325	315	311	165	140	143	66	59	64	40	44	45
Nov. 5	714	649	655	335	311	305	165	140	140	68	59	62	41	41	44
12	671	643	621	296	301	298	168	135	134	73	56	62	43	41	46
19	692	648	623	313	308	286	175	141	140	70	57	63	40	40	45
26	594	576	546	281	280	260	133	109	110	53	46	51	40	42	46
Dec. 3	685	646	648	298	305	298	174	139	145	74	58	67	43	42	46
10	676	660	624	302	311	300	175	140	140	71	60	66	41	43	47
17	691	638	623	315	324	306	170	114	125	73	51	62	44	45	50
24	512	482	622	248	242	305	105	80	115	46	39	58	44	49	50
31	577	561	548	274	291	281	130	86	90	62	41	46	48	48	51

1/ Corresponding dates to 1988: 1986, Jan. 11; 1987, Jan. 10.



Table 13--Calf slaughter by class under Federal inspection

Year	Bob veal 150 lb & below	Fed, 150-400 lb.		Other over 400 lb	Total
		Formula	Non- formula		
1,000 head					
1986	1,618.6	1,009.3	285.9	281.0	3,194.8
1987					
Jan.	115.9	87.1	15.1	29.5	247.6
Feb.	104.5	82.2	13.3	24.7	224.7
Mar.	120.5	90.2	13.8	26.6	251.1
Apr.	89.4	86.8	15.5	23.2	214.9
May	70.0	80.7	14.4	24.0	189.1
Jun.	81.3	94.2	13.3	25.7	214.5
Jul.	101.3	80.8	12.1	26.0	220.2
Aug.	101.6	64.2	14.8	21.8	202.4
Sept.	99.4	91.0	14.0	24.2	228.6
Oct.	102.8	85.6	19.3	25.4	233.1
Nov.	103.5	70.4	12.3	25.1	211.3
Dec.	117.6	89.5	13.5	21.3	241.9
Yr	1,207.8	1,002.7	171.4	297.5	2,679.4
1988					
Jan.	92.5	82.0	12.5	18.1	205.1
Feb.	86.5	84.9	16.2	15.2	202.8
Mar.	96.3	92.8	11.4	15.3	215.8
Apr.	65.3	78.7	10.8	14.3	169.1
May	58.1	80.7	17.1	15.4	171.3
Jun.	82.1	90.4	14.2	17.1	203.8
July	106.3	74.2	14.1	12.4	207.0
Aug.	111.7	86.3	12.2	16.7	226.9
Sept.	92.7	85.0	13.1	16.5	207.3
Oct.	84.6	84.7	11.9	15.8	197.0
Nov.	94.7	81.4	11.3	14.1	201.5
Dec.					
Yr.					

ly were above a year earlier, as dry conditions forced cattle off wheat pastures. Thus, placements of stocker cattle that normally would have remained on wheat pasture until March-April about offset the sharply lower imports of feeder cattle from Mexico last fall.

Mexican feeder cattle began to be shipped into the United States in early December under Mexico's September-August marketing year; however, a new Mexican export tax may reduce the movement to the United States in 1989. Dry conditions in many winter grazing areas could result in a large proportion of lighter weight Mexican cattle also being placed in feedlots and marketed as fed cattle from late spring through summer.

Record retail beef and cattle prices resulted from an expanding economy, increased beef exports to Japan, the beef checkoff and increased beef promotion, and a closely trimmed more attractive product. Prices for Choice fed steers at Omaha averaged \$69.54 per cwt in 1988, up nearly \$5 from 1987. Prices for yearling feeder steers at Kansas City averaged \$83.68, up over \$8. Large supplies of processed meats from the pork and poultry sectors resulted in only a \$2-per-cwt rise in Utility cow prices to \$47.03.

Table 14--7-States cattle on feed, placements, and marketings

Year	On feed	Percent change 1/	Net placements	Percent change 1/	Marketings	Percent change 1/	Other dis- appearance	Percent change 1/
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1986								
Jan.	7,920	-8.3	1,494	+12.2	1,750	-1.8	87	-26.3
Feb.	7,664	-6.4	1,128	-9.5	1,470	-4.5	92	-2.1
Mar.	7,322	-7.2	1,564	+4.7	1,593	+2.2	86	-12.2
Apr.	7,293	-6.8	1,445	+12.6	1,631	+1.7	120	-9.8
May	7,107	-5.3	1,624	+4.9	1,635	+1.9	132	+3.1
June	7,096	-4.8	1,095	-7.5	1,648	+4.5	67	-23.0
July	6,543	-7.3	1,480	+45.5	1,692	+1.3	64	+4.9
Aug.	6,331	-1.1	1,732	+19.6	1,659	-2.2	70	+12.9
Sept.	6,404	+4.0	2,044	+7.1	1,637	+2.1	59	-25.3
Oct.	6,811	+5.4	2,322	-13.8	1,587	+9	81	-4.7
Nov.	7,546	-5	1,727	+2.2	1,447	+4.9	87	+14.5
Dec.	7,826	-8	1,331	-2.8	1,514	+8.6	104	-6.3
1987								
Jan.	7,643	-3.5	1,464	-2.0	1,803	+3.0	127	+46.0
Feb.	7,304	-4.7	1,337	+18.5	1,478	+5	105	+14.1
Mar.	7,163	-2.2	1,630	+4.2	1,561	-2.0	89	+3.5
Apr.	7,232	-8	1,542	+6.7	1,541	-5.5	139	15.8
May	7,233	+1.8	1,841	+13.4	1,514	-7.4	143	+8.3
June	7,560	+6.5	1,335	+21.9	1,702	+3.3	87	+29.9
July	7,193	+9.9	1,203	-18.7	1,703	+7	71	+10.9
Aug.	6,693	+5.7	1,847	+6.6	1,722	+3.8	68	-2.9
Sept.	6,818	+6.5	2,358	+15.4	1,641	-2	71	+20.3
Oct.	7,535	+10.6	2,519	+8.5	1,690	+6.5	85	+4.9
Nov.	8,364	+10.8	1,506	-12.8	1,458	+8	103	+18.4
Dec.	8,412	+7.5	1,231	-7.5	1,577	+4.2	119	+14.4
1988								
Jan.	8,066	+5.5	1,549	+5.8	1,759	-2.4	111	-12.6
Feb.	7,856	+7.6	1,243	-7.0	1,527	+3.3	126	+20.0
Mar.	7,572	+5.7	1,727	+6.0	1,573	+8	106	+19.1
Apr.	7,726	+6.8	1,392	-9.7	1,614	+4.7	139	0
May	7,504	+3.7	2,029	+10.2	1,719	+13.5	141	-1.4
June	7,814	+3.4	1,299	-2.7	1,692	-6	68	-21.8
July	7,421	+3.2	1,184	-1.6	1,765	+3.6	62	-12.7
Aug.	6,840	+2.2	1,554	-15.9	1,720	-1	64	-5.9
Sept.	6,674	-2.1	2,117	-10.2	1,662	+1.3	67	-5.6
Oct.	7,129	-5.4	2,391	-5.1	1,601	-5.3	84	-1.2
Nov.	7,919	-5.3	1,568	+4.1	1,507	+3.4	107	+3.9
Dec.	7,980	-5.1						

1/ Percent change is from previous year.



Table 15--Beef, Choice Yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share

Year	Retail price 1/	Gross carcass value 2/	By-product allowance 3/	Net carcass value 4/	Gross farm value 5/	By-product allowance 6/	Net farm value 7/	Farm retail-spread			
								Total	Carcass-retail	Farm-carcass	Farmers' share 8/
Cents per pound								Percent			
1982	242.5	152.8	2.1	150.7	155.5	15.0	140.5	102.0	91.8	10.2	58
1983	238.1	147.4	2.0	145.4	151.8	15.6	136.2	101.9	92.7	9.2	57
1984	239.6	150.6	3.0	147.6	158.6	18.6	140.0	99.6	92.0	7.6	58
1985	232.6	137.0	1.8	135.2	142.2	15.4	126.8	105.8	97.4	8.4	55
1986	230.7	134.3	1.2	133.1	140.0	15.6	124.4	106.3	97.6	8.7	54
1987	242.5	146.7	1.4	145.3	157.6	19.7	137.9	104.6	97.2	7.4	57
I	234.6	138.4	1.4	137.0	147.9	17.6	130.3	104.3	97.6	6.7	56
II	243.2	157.6	1.5	156.1	167.8	20.0	147.8	95.4	87.1	8.3	61
III	246.4	146.9	1.4	145.5	157.8	20.1	137.7	108.7	100.9	7.8	56
IV	245.9	144.2	1.5	142.7	156.9	21.0	135.9	110.0	103.2	6.8	55
1988											
Jan.	242.9	146.5	1.8	144.7	158.8	22.2	136.6	106.3	98.2	8.1	56
Feb.	246.3	149.9	1.7	148.3	166.0	22.8	143.2	103.1	98.0	5.1	58
Mar.	248.5	155.8	1.8	154.0	173.1	24.5	148.6	99.9	94.5	5.5	60
I	245.9	150.7	1.7	149.0	166.0	23.2	142.8	103.1	96.9	6.2	58
Apr.	250.2	158.4	1.7	156.7	176.7	24.3	152.4	97.7	93.4	4.3	61
May	253.2	168.0	1.8	166.2	181.9	23.3	158.6	94.6	87.0	7.6	63
June	259.9	160.1	1.9	158.2	170.1	22.0	148.1	111.8	101.6	10.1	57
II	254.4	162.2	1.8	160.4	176.2	23.2	153.0	101.4	94.0	7.3	60
July	259.3	146.4	1.8	144.6	159.9	22.0	137.9	121.3	114.7	6.7	53
Aug.	257.8	152.2	1.7	150.5	165.3	22.4	142.9	114.9	107.3	7.6	55
Sept.	259.7	155.3	1.7	153.6	166.3	20.5	145.8	113.8	106.0	7.8	56
III	258.9	151.3	1.7	149.6	163.9	21.6	142.2	116.7	109.3	7.4	55
Oct.	257.8	157.1	1.7	155.4	169.1	20.3	148.8	109.0	102.5	6.5	58
Nov.	260.4	157.6	1.6	156.0	171.4	19.9	151.5	108.9	104.4	4.5	58
Dec.	260.0	159.8	1.7	158.1	173.7	19.7	154.0	106.0	101.9	4.1	59
IV	259.4	158.2	1.7	156.5	171.4	20.0	151.4	108.0	102.9	5.1	58
Year	254.7	155.6	1.7	153.9	169.4	22.0	147.4	107.3	100.8	6.5	58

1/ Estimated weighted-average of BLS prices of retail cuts from Choice Yield Grade 3 carcass. 2/ Value of carcass-quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.476 is used. 3/ Portion of gross carcass value attributed to fat and bone trim. 4/ Gross carcass value minus carcass byproduct allowance. 5/ Market value to producer for 2.4 lb of live animal, equivalent to 1 lb of retail cuts. 6/ Portion of gross farm value attributed to edible and inedible byproducts. 7/ Gross farm value minus farm byproduct allowance. 8/ Percent net farm value is of retail price.

Retail prices for Choice beef rose nearly 5 percent in 1988, following a similar rise in 1987. Retail prices moved up sharply, from around \$2.50 a pound in early spring to \$2.60 in June, as concerns about the drought peaked. The farm-to-retail spread also widened rapidly, from about \$0.95 per retail pound in mid-spring, the seasonal low, to \$1.21 in July, before declining to about \$1.09 in the fourth quarter.

Retail beef prices in 1989 may average about 3 to 5 percent above 1988. Live animal price rises may be partially absorbed by a narrower farm-to-retail spread as competition increases for declining fed beef supplies. In 1987-88 only nonfed beef supplies declined. The farm-to-carcass spread remained narrow in 1988.

Hide contributions to the byproduct credit declined in second-half 1988, and further reductions in the credit are likely in 1989 due to the hormone controversy with the EC. More of the reduced packer revenue from lower byproduct values is likely to be passed to the consumer as higher retail beef prices.

Prices for Choice fed steers in Omaha may average about \$75 per cwt for 1989, with prices pushing the upper \$70's this spring and early summer. Prices for yearling feeder steers may rise only modestly in 1989, given last year's sharp gains and lower first-half returns to cattle feeders. Utility cow prices may increase another \$1 to \$2, as modest

cow slaughter declines continue this year. Supplies of competing processed meats remain very large, and relatively more price competitive with beef in the nonhamburger processing meat market.

## U.S. Beef Trade

### U.S. Cattle Exports Rise Substantially

The proportion of U.S. live cattle exports destined for breeding has been declining over the last few years, but was still about half of all exports last year. Nonbreeding cattle exports rose in 1988 because of credit guarantee programs with Mexico. These credits resulted in much higher exports of slaughter cattle in 1988. Thus, while breeding cattle exports were slightly greater than in 1987, they accounted for a much smaller share of the total. Live cattle exports to Mexico in 1988 were up 423 percent to 232,584 head during January-November.

The 1988 credit guarantees under GSM-102 for livestock with Mexico have been used and reallocations are not expected. Without this program U.S. exports will likely fall in 1989. The Mexican Government has announced intentions to improve the dairy herd by importing breeding stock from the United States. If this occurs, it could help support U.S. cattle exports.



Table 16--Great Plains custom cattle feeding: Selected costs at current rates 1/

Purchased during 1988 Marketed during 1988-89	Jan. July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan.	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June
Expenses: (\$/head)												
600 lb feeder steer	481.32	503.52	495.66	487.86	487.50	455.70	466.02	492.00	494.28	493.14	490.20	496.98
Transportation to feedlot (300 miles)	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Feed												
Milo (1500 lb) 2/	54.15	54.75	55.65	54.45	55.65	77.85	79.20	76.50	77.10	76.50	72.15	71.40
Corn (1500 lb) 2/	63.60	64.65	66.45	65.25	66.90	87.90	89.70	84.15	85.05	84.15	80.85	82.05
Cotton seed meal (400 lb)	52.40	52.40	52.40	48.80	48.80	48.80	57.60	57.60	57.60	53.60	53.60	53.60
Alfalfa hay (800 lb)	46.00	46.80	46.40	48.40	51.20	49.20	48.40	47.60	50.80	50.80	52.00	51.60
Total feed cost	216.15	218.60	220.90	216.90	222.55	263.75	274.90	265.85	270.55	265.05	258.60	258.65
Feed handling and management charge	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Vet medicine	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Interest on feeder and 1/2 feed	30.94	32.17	31.82	31.31	31.44	30.85	33.95	35.15	35.41	37.54	37.17	37.58
Death loss (1.5% of purchase)	7.22	7.55	7.43	7.32	7.31	6.84	6.99	7.38	7.41	7.40	7.35	7.45
Marketing 3/	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.
Total	766.59	792.81	786.78	774.34	779.76	788.09	812.82	831.34	838.61	834.09	824.28	831.62
Selling price required to cover: 4/ \$/cwt												
Feed and feeder cost (1056 lb)	66.05	68.38	67.86	66.74	67.24	68.13	70.16	71.77	72.43	71.80	70.91	71.56
All costs	72.59	75.08	74.51	73.33	73.84	74.63	76.97	78.73	79.41	78.99	78.06	78.75
Selling price 5/	66.88	70.08	69.96	72.62	72.68	73.64						
Net margin	-5.71	-5.00	-4.55	-.71	-1.16	-.99						
Cost per 100 lb gain:												
Variable cost												
less interest \$/cwt	49.47	50.03	50.47	49.64	48.85	57.48	60.88	59.45	60.39	59.29	57.75	58.02
Feed costs \$/cwt	43.23	43.72	44.18	43.38	42.59	51.31	54.68	53.17	54.11	53.01	51.72	51.73
Prices: (\$/cwt)												
Choice feeder steer 600-700 lb Amarillo	80.22	83.92	82.61	81.31	81.25	75.95	77.67	82.00	82.38	82.19	81.70	82.83
Transportation rate \$/cwt/100 miles 6/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Commission fee \$/cwt	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Milo \$/cwt	3.46	3.50	3.56	3.48	3.56	5.04	5.13	4.95	4.99	4.95	4.66	4.61
Corn \$/cwt	4.09	4.16	4.28	4.20	4.31	5.71	5.83	5.46	5.52	5.46	5.24	5.32
Cottonseed Meal (41%) \$/cwt 7/	13.10	13.10	13.10	12.20	12.20	12.20	14.40	14.40	14.40	13.40	13.40	13.40
Alfalfa hay \$/ton 8/	85.00	87.00	86.00	91.00	98.00	93.00	91.00	89.00	97.00	97.00	100.00	99.00
Feed handling and management \$/ton	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Interest, annual rate 9/	10.50	10.50	10.50	10.50	10.50	10.50	11.25	11.25	11.25	12.00	12.00	12.00

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lb in 180 days at 2.8 lb per day with feed conversion of 8.4 lb per pound gain. 2/ Texas Panhandle elevator price plus \$0.15/cwt handling and transportation to feedlots. 3/ Most cattle sold f.o.b. at the feedlot with 4-percent shrink. 4/ Sale weight 1,056 lb (1,100 lb less 4-percent shrink). 5/ Choice slaughter steers, 900-1100 lb, Texas-New Mexico direct. 6/ Converted from cents per mile for a 44,000-lb haul. 7/ Average prices paid by farmers in Texas. 8/ Average price received by farmers in Texas plus \$30/ton handling and transportation to feedlots. 9/ Prime rate plus 2 points.

Table 17--Corn Belt cattle feeding: Selected costs at current rates 1/

Purchased during 1988 Marketed during 1988-89	Jan. July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan.	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec June
Expenses: (\$/head)												
600 lb feeder steer	510.00	501.18	511.20	519.00	497.28	464.28	474.48	507.90	504.00	514.86	503.40	516.78
Transportation to feedlot-400 miles	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu.)	78.30	81.90	83.03	83.93	87.30	108.45	122.40	117.90	116.10	114.53	90.00	112.28
Silage (1.7 tons)	29.38	30.76	31.67	31.01	31.64	36.47	47.24	49.76	49.00	44.99	41.96	47.15
Protein supplement (270 lb.)	37.26	37.26	37.26	35.91	35.91	35.91	44.28	44.28	44.28	41.85	41.85	41.85
Hay (400 lb.)	10.40	10.90	11.40	10.80	10.80	11.40	17.20	19.60	19.30	18.20	17.80	18.50
Total feed costs	155.34	160.82	163.36	161.65	165.65	192.23	231.12	231.54	228.68	219.57	191.61	219.78
Labor (4 hrs)	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72
Management (1 hr.) 2/	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Vet medicine 3/	5.35	5.35	5.35	5.44	5.44	5.44	5.56	5.56	5.56	5.63	5.63	5.63
Interest on purchase (6 months)	28.61	28.12	28.68	28.60	27.40	25.58	26.50	28.37	28.15	29.91	29.25	30.02
Power, equip., fuel, shelter, deprec. 3/	24.94	24.94	24.94	25.38	25.38	25.38	25.91	25.91	25.91	26.26	26.26	26.26
Death loss (1% of purchase)	5.10	5.01	5.11	5.19	4.97	4.64	4.74	5.08	5.04	5.15	5.03	5.17
Transportation (100 miles)	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous and indirect costs 3/	10.79	10.79	10.79	10.98	10.98	10.98	11.21	11.21	11.21	11.36	11.36	11.36
Total	774.65	770.73	783.95	790.76	771.62	763.05	814.04	850.09	843.07	847.26	807.06	849.52
Selling price required to cover: (\$/cwt.)												
Feed and feeder cost (1050 lb.)	63.37	63.05	64.24	64.82	63.14	62.53	67.20	70.42	69.78	69.95	66.19	70.15
All costs (1050 lb.)	73.78	73.40	74.66	75.31	73.49	72.67	77.53	80.96	80.29	80.69	76.86	80.91
Feed cost per 100 lb. gain (450 lb.)	34.52	35.74	36.30	35.98	36.81	42.72	51.36	51.45	50.82	48.79	42.58	48.84
Choice steers, Omaha (900-1100 lb.)	65.96	67.08	67.71	69.13	70.07	71.21						
Net margin	-7.82	-6.32	-6.95	-6.18	-3.42	-1.46						
Prices:												
Feeder steer, Choice (600-700 lb.) \$/cwt.												
Kansas City \$/cwt.	85.00	83.53	85.20	86.50	82.88	77.38	79.08	84.65	84.00	85.81	83.90	86.13
Corn \$/bu. 4/	1.74	1.82	1.84	1.86	1.94	2.41	2.72	2.62	2.58	2.54	2.00	2.50
Hay \$/ton 4/	52.00	54.50	57.00	54.00	54.00	57.00	86.00	98.00	96.50	91.00	89.00	92.50
Corn silage \$/ton 5/	17.28	18.09	18.63	18.24	18.61	21.46	27.79	29.27	28.82	26.47	24.69	27.74
Protein supplement (32-36%) \$/cwt. 6/	13.80	13.80	13.80	13.30	13.30	13.30	16.40	16.40	16.40	15.50	15.50	15.50
Farm labor \$/hour	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
Interest rate, annual	11.22	11.22	11.22	11.02	11.02	11.02	11.17	11.17	11.17	11.62	11.62	11.62
Transportation rate \$/cwt. per 100 mile 7/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Mktg. expenses \$/cwt. 8/	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	1138	1138	1138	1158	1158	1158	1182	1182	1182	1198	1198	1198

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individuals for management, production, and locality of operation. 2/ Assumes 1 hour at twice the labor rate. 3/ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 4/ Average price received by farmers in IA and IL. 5/ Price derived from an equivalent price of 5 bushels corn and 330 lb. hay. 6/ Average price paid by farmers in IA and IL. 7/ Converted from cents/mile for a 44,000-lb. haul. 8/ Yardage plus commission fees at a Midwest terminal market.



Table 18--U.S. live cattle trade 1/

Country or area	Annual 1987	January-November		1988 ----- 1987
		1987	1988	
		Million pounds		Percent change
Imports				
Mexico	937.9	649.5	736.4	13.4
Canada	262.1	239.4	458.1	91.3
Other	.5	.5	.4	-18.6
Total	1,200.5	889.4	1,194.8	34.3
Exports				
Mexico	48.0	44.5	232.6	423.0
Canada	33.3	29.4	13.8	-52.9
Other	49.4	43.6	43.1	-1.2
Total	130.7	117.5	289.5	146.5

1/ May not add due to rounding. Percent change calculated from unrounded data.

### U.S. Cattle Imports

With Mexico's suspension of licenses for exports of feeder cattle last summer, U.S. imports from Mexico, which had been very strong during the first part of the year, ceased. A new quota has not been announced for September-August 1988/89. Instead of the quota, an export tariff of 20 percent is being assessed. U.S. imports of cattle from Mexico were 736,368 head as of November. Reports indicate that cattle began to move over the border in larger quantities in December. December imports from Mexico have averaged about 194,000 head for the past 5 years. Live cattle imports from

Table 19--Imports of feeder cattle and calves and hogs from Canada and Mexico

Year	Feeder cattle and calves		Hogs
	Canada	Mexico	Canada
	Number		
1986			
Oct.	9,404	11,957	32,937
Nov.	13,938	203,827	21,013
Dec.	8,593	336,228	31,628
Total	227,538	1,155,931	503,715
1987			
Jan.	13,615	108,916	48,558
Feb.	19,154	131,631	20,745
Mar.	21,513	134,011	32,206
Apr.	28,569	92,943	47,763
May	27,497	46,567	31,270
June	35,431	95,977	35,143
July	14,568	28,333	40,183
Aug.	13,461	3,419	34,300
Sept.	11,138	12	37,560
Oct.	17,638	0	35,499
Nov.	20,549	4,950	31,787
Dec.	21,577	288,173	50,849
Total	244,710	934,932	445,863
1988			
Jan.	28,013	304,053	58,942
Feb.	29,193	233,635	43,759
Mar.	34,848	95,394	53,682
Apr.	30,899	58,169	55,393
May	44,319	32,816	51,366
June	41,631	5,043	62,137
July	25,098	0	53,360
Aug.	48,177	8	83,256
Sept.	56,200	0	104,310
Oct.	53,307	178	108,945
Nov.	56,006	4,184	106,901

Canada surged upward in 1988. Larger supplies in Canada and relatively high U.S. prices helped draw the cattle into U.S. slaughterhouses.

Estimated cattle imports for 1988 remain at 1.4 million head because of the expected imports from Mexico in December and continued large shipments from Canada. Imports in 1989 are forecast to be somewhat lower, as exports from Canada may decline and Mexico's export tariff may discourage some sales.

### Meat Import Law Estimate Down

Imports of meat under the Meat Import Law—which includes fresh, chilled, or frozen beef, veal, mutton, and goat—according to a preliminary Commerce Department report reached 1,516 million pounds, product weight, on December 31, 1988. This is 10 million pounds below the trigger level and 4 percent above 1987's imports. The trigger level for 1989 has been announced at 1,438 million pounds, down 6 percent, and imports are forecast to be below the trigger level. This estimate includes Canada in the base period. In accordance with the Free Trade Agreement, Canada will be removed from coverage under the Meat Import Law. Because Canada did not ratify the agreement until December 30, 1988, the next estimate of imports, to be released in April, will exclude Canada.

### U.S. Beef Exports Continue Up

U.S. beef exports continued to climb as Japan and Mexico increased purchases in 1988. The liberalization of the Japanese market ensures continued beef export growth. Exports of beef to the EC will be stopped because of the EC's hormone ban. However, this will have little effect on total exports since the majority of U.S. beef exports go to Japan. In

Table 20--U.S. beef trade, carcass weight 1/

Country or area	Annual 1987	January-November		1988 ----- 1987
		1987	1988	
		Million pounds		Percent change
Imports				
Australia	993.0	966.1	1,023.6	5.9
New Zealand	600.9	592.5	624.9	5.5
Canada	182.6	168.0	149.7	-10.9
Brazil	100.4	90.0	109.9	22.1
Argentina	189.1	177.9	170.8	-4.0
Central America	138.4	147.1	162.2	10.3
Other	64.9	31.7	26.6	-16.0
Total	2,269.3	2,173.3	2,267.8	4.3
Exports				
Japan	396.7	363.1	458.1	26.2
Canada	30.9	28.0	40.7	45.7
Caribbean	21.6	19.3	20.5	6.0
Brazil	66.1	66.1	--	-100.0
Other	88.7	75.7	99.6	31.5
Total	604.0	552.2	619.0	12.1

1/ Data may not add due to rounding. Percent change calculated from unrounded data.



1987, 4 percent or 25 million pounds of U.S. beef was shipped to the EC. The ban could have a substantial impact on U.S. exports of variety meats.

### *Effects of the EC's Hormone Ban*

Beginning in 1989, the EC has banned imports of meat which cannot be certified as being free of growth hormones. Their use is already illegal in the EC. This action is reportedly in response to years of growing EC consumer concern for the safety of meat, particularly after several scandals in the early 1980's in which some veal was found with dangerously high hormone levels. However, at the time of the ban, the EC was facing burgeoning stocks of beef, so there were also economic factors that made the ban attractive.

The United States and the scientific community have maintained that the new generation of hormones approved for use in the United States offer no health risk when administered correctly. This is confirmed by United Nations studies. The United States has asked the EC to allow an impartial commission to rule on the safety issue. The EC declined, arguing it has the sovereign right to regulate health legislation.

The issue is further clouded by reports of EC producers who, in an attempt to get an edge on competitors, are using black-market hormones. These hormones are often untested, or include substances such as DES that have been banned in the United States and the EC.

The U.S. meat product exports primarily affected by the ban are high quality beef and edible beef variety meats. No hormones are approved for use in the production of U.S. pork and horse meat. The importation of U.S. pork and horse meat is being allowed by the EC until May 31, 1989, when a further determination on the necessity of certification will be made. Edible and inedible beef offals intended for use in the production of pet food will be excluded from the ban.

United States exporters have been estimated to lose about \$100 million in sales as a result of the ban, and therefore a 100-percent tariff has been placed against certain EC imports amounting to a like worth. Only two of the products are meat items. They include beef: boned, fresh, chilled, or frozen; and pork: hams and shoulders, not cooked or boned and not in airtight containers. The pork category includes specialty hams such as Prosciutto, principally from Denmark, the Netherlands, and Italy. Imports of these pork products from the EC averaged less than \$1 million during 1985-87. The beef is mainly from Denmark, and the average from the EC was only \$6 million during 1985-87. The EC has threatened a counter-retaliation against American walnuts and dried fruit, but the decision to implement it has been delayed until the meeting of the EC Foreign Ministers January 23-24.

The United States exported \$1,366 million worth of meat and meat products in 1987. Japan was the largest market, with \$803 million, mainly beef. The EC took \$222 million worth of meat and meat products in 1987. Of this beef and veal was \$33 million; horse, \$72 million; pork, \$3 million; and variety meats including edible offals made up the largest category with \$113 million. The major EC countries that import meat and meat products from the United States are France, Belgium-Luxembourg, the United Kingdom, and the Netherlands.

As a separate issue from the importation of hormone-treated meat into the EC, the recent samples of EC meat testing positive for residue contamination have raised concern. As a result, the USDA's Food Safety and Inspection Service has notified the EC nations that they have until April 1, 1989 to prove that their meat inspection systems are comparable to those in the United States, or face possible ineligibility to export meat to the United States. In order to ensure the wholesomeness of imported meat, all countries eligible to export meat to the United States must be certified by the FSIS as having comparable inspection procedures.



Table 21--Average retail price per pound of specified meat cuts

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Dollars												
Choice Beef:												
Ground chuck												
1987	1.69	1.65	1.68	1.70	1.70	1.71	1.71	1.72	1.72	1.71	1.74	1.75
1988	1.74	1.74	1.75	1.74	1.74	1.77	1.75	1.74	1.77	1.78	1.81	1.79
Ground beef												
1987	1.30	1.27	1.28	1.29	1.32	1.30	1.31	1.32	1.32	1.33	1.35	1.32
1988	1.31	1.32	1.34	1.34	1.36	1.39	1.37	1.37	1.37	1.39	1.41	1.40
Chuck roast, bone in												
1987	1.68	1.64	1.63	1.70	1.65	1.71	1.70	1.66	1.67	1.72	1.71	1.66
1988	1.64	1.74	1.69	1.72	1.80	1.78	1.70	1.67	1.74	1.74	1.74	1.80
Round roast, boneless												
1987	2.54	2.47	2.49	2.45	2.59	2.56	2.50	2.51	2.57	2.58	2.58	2.56
1988	2.56	2.61	2.67	2.60	2.61	2.66	2.63	2.64	2.64	2.60	2.68	2.68
Rib roast, bone in												
1987	3.44	3.44	3.37	3.29	3.48	3.64	3.69	3.67	3.60	3.63	3.64	3.57
1988	3.57	3.59	3.66	3.75	3.72	3.93	4.02	4.04	4.12	4.12	4.10	4.03
Round steak, boneless												
1987	2.80	2.80	2.76	2.81	2.94	2.96	2.91	2.93	2.92	2.96	2.92	2.93
1988	2.88	2.94	2.94	3.01	3.00	3.05	2.99	2.99	3.04	2.98	3.00	3.01
Sirloin steak, bone in												
1987	2.81	2.96	2.87	3.02	3.22	3.44	3.36	3.23	3.26	3.12	3.15	3.16
1988	2.99	3.04	3.12	3.18	3.35	3.49	3.54	3.39	3.45	3.30	3.36	3.23
Chuck steak, bone in 1/												
1987	1.71	1.65	1.64	1.69	1.59	1.62	1.62	1.61	1.61	1.61	1.62	1.62
1988	1.61	1.62	1.64	1.65	1.67	1.71	1.70	1.69	1.70	1.70	1.72	1.71
T-Bone steak, bone in												
1987	3.86	3.79	3.83	4.01	4.33	4.64	4.77	4.45	4.37	4.31	4.29	4.27
1988	4.31	4.27	4.33	4.43	4.54	4.90	5.18	5.20	4.86	4.84	4.83	4.97
Porterhouse steak, 1/												
bone in												
1987	4.22	4.19	4.22	4.26	4.36	4.44	4.44	4.42	4.39	4.40	4.44	4.43
1988	4.40	4.43	4.48	4.51	4.56	4.66	4.63	4.60	4.64	4.64	4.68	4.68
Pork:												
Bacon, sliced												
1987	2.12	2.09	2.10	2.08	2.11	2.13	2.23	2.28	2.28	2.19	2.07	2.02
1988	1.95	1.94	1.92	1.91	1.90	1.90	1.91	1.88	1.84	1.86	1.80	1.79
Chops, center cut												
1987	2.72	2.70	2.64	2.74	2.78	2.97	3.01	3.00	2.98	2.92	2.74	2.67
1988	2.66	2.72	2.68	2.71	2.78	2.93	2.90	2.87	2.90	2.77	2.67	2.65
Ham, rump or shank half 1/												
1987	1.60	1.59	1.50	1.36	1.44	1.50	1.52	1.56	1.58	1.62	1.65	1.60
1988	1.63	1.57	1.60	1.58	1.58	1.62	1.62	1.62	1.61	1.59	1.56	1.55
Sirloin roast, bone in 1/												
1987	1.90	1.82	1.81	1.89	1.92	1.95	2.02	2.04	2.05	2.01	1.95	1.91
1988	1.92	1.90	1.90	1.88	1.89	1.94	1.93	1.93	1.92	1.89	1.86	1.85
Shoulder picnic, bone in												
1987	1.15	1.10	1.06	1.03	1.08	1.03	1.11	1.14	1.16	1.19	1.16	1.16
1988	1.14	1.13	1.14	1.12	1.09	1.15	1.13	1.11	1.11	1.10	1.12	1.10
Sausage, fresh, pork,												
loose												
1987	2.01	2.02	1.99	1.97	1.98	1.94	2.00	2.02	2.01	1.92	1.97	1.99
1988	2.05	1.97	1.99	2.02	2.02	1.95	1.99	1.94	1.95	1.90	1.89	1.92
Miscellaneous cuts:												
Ham, canned, 3 or 5 lb												
1987	2.84	2.85	2.83	2.77	2.74	2.76	2.83	2.84	2.83	2.85	2.78	2.72
1988	2.77	2.75	2.71	2.73	2.74	2.73	2.77	2.73	2.74	2.74	2.69	2.60
Frankfurters, all meat												
1987	1.98	1.99	1.96	1.98	1.96	2.00	1.91	2.01	1.98	2.04	2.04	2.02
1988	2.02	2.04	2.05	2.01	2.02	2.02	2.01	2.02	2.00	2.02	2.03	2.04
Bologna												
1987	2.22	2.17	2.19	2.15	2.14	2.15	2.21	2.21	2.21	2.20	2.21	2.24
1988	2.24	2.23	2.23	2.20	2.18	2.24	2.26	2.29	2.25	2.27	2.28	2.24
Beef liver												
1987	1.02	1.00	1.03	1.02	1.04	1.03	1.03	1.03	1.03	1.05	1.02	1.03
1988	1.01	1.01	1.02	1.04	1.04	1.06	1.06	1.04	1.06	.99	NA	NA

1/ While these specific cut prices are no longer available from the Bureau of Labor Statistics (BLS), ERS uses the

BLS index and historical data to estimate these prices monthly.

Source: Bureau of Labor Statistics.



Table 22--Selected price statistics for meat animals and meat, 1988

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Dollars per cwt												
Slaughter Steers:												
Omaha												
Choice, 1000-1100 lb	65.00	68.31	71.53	72.71	75.15	70.58	65.96	67.08	67.71	69.13	70.07	71.21
Select, 1000-1100 lb	63.14	65.84	69.12	71.14	72.86	67.57	63.58	64.88	64.76	65.88	67.30	68.71
California												
Choice, 1000-1100 lb	65.58	69.00	71.05	72.38	74.00	69.73	67.38	70.75	70.06	71.31	71.95	70.94
Colorado												
Choice, 1100-1300 lb	66.73	69.05	73.90	73.88	75.93	70.78	66.72	69.75	69.56	71.81	73.17	73.10
Texas												
Choice, 1000-1100 lb	67.30	70.53	72.29	73.96	76.06	71.31	66.88	70.08	69.96	72.62	72.68	73.64
Slaughter heifers:												
Omaha												
Choice, 1000-1200 lb	65.07	68.05	71.19	72.79	74.88	69.90	65.41	67.24	68.10	69.12	70.31	71.23
Select, 900-1000 lb	62.13	64.71	67.48	68.84	70.71	65.65	61.54	63.15	63.18	64.15	65.88	66.81
Cows:												
Omaha												
Commercial	45.09	46.16	47.30	49.35	49.33	42.70	44.69	46.40	46.54	46.46	41.28	44.25
Breaking Utility	45.90	47.32	48.43	49.41	48.79	42.68	45.39	47.33	48.42	47.71	42.10	45.14
Boning Utility	47.83	49.55	49.83	49.50	49.16	43.68	46.60	48.57	49.50	49.21	45.72	45.92
Canner	42.28	44.10	43.28	43.97	42.31	38.16	40.24	40.00	41.08	41.42	38.48	39.83
Cutter	46.52	48.91	48.50	48.60	47.69	42.49	43.95	43.73	45.33	45.75	43.20	44.73
Vealers: 7/												
Choice, So. St. Paul	86.88	87.50	87.50	96.41	97.66	100.88	77.50	87.50	240.42	213.75	239.00	225.94
Feeder steers: 1/												
Kansas City												
Medium No. 1,												
400-500 lb	94.25	97.83	99.20	101.63	94.50	90.50	85.75	ng	95.88	95.63	92.60	93.38
600-700 lb	85.00	83.53	85.20	86.50	82.88	77.38	79.08	84.65	84.00	85.81	83.90	86.13
All weights												
and grades	80.26	81.64	83.12	82.61	78.99	70.77	74.14	79.45	79.89	82.99	81.31	80.99
Okla. City												
Medium No. 1												
400-500 lb	96.96	104.42	101.70	105.03	102.33	93.98	95.89	99.74	97.75	100.55	102.05	101.64
600-700	83.73	85.99	85.63	86.29	85.67	78.59	80.69	86.21	83.97	85.32	86.41	88.10
700-800	81.29	82.25	81.47	79.87	79.90	74.83	77.77	81.79	81.30	82.45	83.31	85.46
Amarillo												
Medium No. 1,												
600-700 lb	80.22	83.92	82.61	81.31	81.25	75.95	77.67	82.00	82.38	82.19	81.70	82.83
Georgia Auctions												
Medium No. 1,												
600-700 lb	77.75	81.75	82.60	80.13	79.88	72.60	75.67	78.20	77.75	77.38	78.60	78.50
Medium No. 2,												
400-500 lb	82.88	88.50	89.30	88.38	85.25	76.40	81.67	82.20	81.25	81.50	81.60	81.67
Feeder heifers:												
Medium No. 1,												
Kansas City												
400-500 lb	86.50	86.38	88.60	89.56	87.63	ng	77.75	ng	85.81	86.69	83.30	82.88
600-700 lb	76.00	77.35	78.10	76.88	77.25	72.75	72.63	78.70	78.50	80.75	79.70	79.00
Okla. City												
400-500 lb.	83.08	88.39	89.05	90.72	91.44	79.86	81.77	85.59	84.29	86.02	87.49	92.02
600-700 lb.	76.75	78.49	77.91	76.15	76.71	71.75	74.68	77.96	77.04	78.36	78.99	80.22
Slaughter hogs:												
Barrows and gilts												
Omaha No. 1 & 2,												
230-240 lb	46.41	48.55	43.93	42.59	48.93	49.50	46.92	47.17	41.80	40.04	37.84	43.01
All weights	44.61	46.78	42.62	41.95	47.51	47.80	45.31	45.71	40.78	38.84	36.25	40.58
Sioux City	44.59	48.50	43.19	42.28	47.75	48.26	45.60	45.98	41.28	38.92	36.52	40.88
7 markets 2/	44.43	47.01	42.79	42.10	47.55	48.06	45.57	46.10	41.04	38.95	36.45	40.58
Sows:												
7 markets 2/	34.18	36.98	35.03	35.51	37.68	33.91	31.79	34.01	32.89	31.19	28.14	29.49
Feeder pigs:												
No. 1 & 2, So. Mo.,												
40-50 lb (per hd.)	37.47	44.80	48.65	52.16	46.85	31.40	25.57	27.40	28.30	30.95	27.99	29.17
Slaughter lambs:												
Choice, San Angelo	83.53	77.25	83.75	76.50	72.67	59.38	59.00	56.19	59.50	63.94	65.55	68.83
Choice, So. St. Paul	83.88	80.18	76.40	69.85	71.73	56.70	58.55	54.05	57.28	62.25	63.39	67.23
Ewes, Good,												
San Angelo	43.19	38.25	41.17	40.17	36.38	36.30	37.83	38.20	37.38	36.88	38.75	42.08
So. St. Paul	25.00	22.25	18.98	17.33	11.45	11.08	12.94	13.00	13.13	13.75	14.32	18.47
Feeder lambs:												
Choice, San Angelo	113.63	112.63	111.30	100.25	90.63	77.80	79.67	79.05	78.56	80.38	82.00	85.00
Choice, So. St. Paul	111.00	108.63	102.50	88.25	83.50	71.10	62.14	59.00	64.65	70.30	75.35	83.75
Farm prices:												
Beef cattle	65.40	67.40	68.30	69.00	69.30	65.00	63.20	65.90	67.20	67.10	66.70	67.30
Calves	88.20	92.60	93.50	93.20	93.40	84.90	87.70	90.90	89.00	87.80	87.80	88.50
Hogs	43.00	45.80	42.20	41.90	46.30	47.10	44.10	44.70	40.70	38.70	36.20	40.50
Sheep	34.70	30.10	29.70	26.00	26.10	23.20	25.00	25.30	25.90	25.30	27.80	27.10
Lambs	80.70	80.40	80.20	74.80	72.60	60.20	60.00	59.80	64.30	66.20	66.30	68.30

Continued--



Table 22--Selected price statistics for meat animals and meat, 1988--Continued

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Dollars per cwt												
Meat prices:												
Wholesale												
Central U.S. markets												
Steer beef, Choice,												
600-700 lb	97.15	99.50	103.47	105.25	111.70	106.38	97.09	101.04	103.15	104.36	104.73	106.20
Heifer beef, Choice												
550-700 lb	96.60	98.98	103.19	104.97	111.20	104.92	96.28	100.37	102.82	104.62	104.49	105.33
Cow beef, Canner												
and Cutter	88.98	92.18	90.33	89.69	89.88	81.28	85.74	86.51	87.73	85.58	85.32	90.03
Boxed beef												
cut-out value	102.55	105.94	108.50	110.79	116.73	111.97	107.09	110.37	112.72	112.74	112.37	112.45
Pork loins,												
14-18 lb 4/	102.43	94.93	87.82	94.03	112.75	111.31	104.96	106.88	97.92	85.33	77.87	93.61
Pork bellies,												
12-14 lb	51.82	48.40	45.32	43.13	46.09	45.51	40.84	37.46	33.05	34.97	33.64	34.82
Hams, skinned,												
14-17 lb	66.70	76.67	78.35	68.27	67.70	66.51	65.90	67.16	73.20	78.33	78.08	65.50
Pork cut-out value	61.65	62.01	58.36	57.86	63.76	64.69	60.59	61.21	58.34	56.10	52.88	56.97
East Coast:												
Lamb, Choice and Prime												
35-45 lb.	161.88	165.00	167.03	156.25	153.75	128.50	128.75	127.00	130.50	135.00	138.73	147.50
55-65 lb.	156.88	151.25	153.37	141.25	141.38	125.00	128.75	127.00	130.50	134.12	132.40	137.50
West Coast:												
Steer beef, Choice,												
600-700 lb	nq	nq	nq	nq	nq	nq	nq	nq	nq	nq	nq	nq
Cents per lb.												
Retail												
Beef												
Choice	242.9	246.3	248.5	250.2	253.2	259.9	259.3	257.8	259.7	257.8	260.4	260.0
All Fresh	213.9	217.6	220.0	219.7	221.5	227.2	226.1	224.3	225.4	230.6	232.9	233.0
Pork	185.3	183.1	183.3	182.9	183.6	187.9	187.4	185.5	184.9	181.6	178.0	177.4
1982-84=100												
Price indexes: (BLS)												
Retail meats	110.1	110.2	109.8	110.8	111.7	113.8	113.4	113.2	113.4	113.0	113.0	112.7
Beef and veal	107.7	108.5	109.8	110.5	111.7	114.1	113.4	112.7	113.6	113.7	114.7	114.6
Pork	113.4	112.3	112.6	111.4	111.7	114.6	114.3	114.1	113.7	111.8	110.0	109.6
Other meats	112.1	112.3	112.0	111.5	112.3	113.0	113.2	113.9	113.3	113.5	113.8	113.1
Poultry	108.9	108.4	109.1	110.2	114.0	120.1	129.0	131.7	133.4	129.4	127.2	127.1
Livestock-feed ratios,												
Omaha: 3/												
Steer-corn	36.4	37.4	38.4	39.3	38.6	27.9	24.5	26.2	26.4	26.4	28.4	27.9
Hog-corn	25.0	25.7	23.0	22.5	24.3	18.9	16.8	17.8	15.9	14.9	14.7	16.2

1/ Reflects new feeder cattle grades. 2/ St. Louis N.S.Y., Kansas City, Omaha, Sioux City, So. St. Joseph, So. St. Paul, and Indianapolis. 3/ Beef, Choice 2-3 550-700 lb. 4/ Prior to 1984, 8-14 lb; 1984 and 1985, 14-17 lb; 1986, 14-18 lb. 5/ U.S. #2, 175 lb. carcass. 6/ Bushels of No. 2 yellow corn equivalent in value to 100 pounds live weight. 7/ Beginning Sept. 10, prices reported per head.



Table 23--Selected marketings, slaughter, stocks, and trade for meat animals and meat, 1988

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1,000 head												
Federally inspected:												
Slaughter												
Cattle	2,832	2,679	2,813	2,707	2,803	2,983	2,897	3,120	2,927	2,871	2,698	
Steers	1,419	1,360	1,394	1,408	1,469	1,506	1,451	1,525	1,397	1,324	1,270	
Heifers	864	792	868	800	827	888	901	1,011	966	934	797	
Cows	503	480	498	449	481	533	498	527	507	555	579	
Bulls and stags	46	47	53	50	54	56	48	57	57	57	52	
Calves	205	203	216	169	171	204	207	227	207	197	202	
Sheep and lambs	380	408	535	388	414	413	387	442	452	437	418	
Hogs	6,803	6,518	7,505	6,929	6,713	6,715	6,199	7,101	7,534	7,887	7,908	
Percentage sows	4.2	4.4	4.0	3.8	4.3	5.5	5.8	5.8	5.0	4.4	4.4	
Pounds												
Average live wt per head												
Cattle	1,123	1,122	1,120	1,109	1,105	1,108	1,116	1,126	1,134	1,140	1,139	
Calves	239	250	242	258	272	258	236	242	252	267	254	
Sheep and lambs	123	125	129	128	127	125	121	120	121	123	124	
Hogs	248	247	247	249	250	250	249	247	248	251	253	
Average dressed wt												
Beef	671	669	670	667	665	665	670	679	683	683	677	
Veal	145	153	147	157	165	158	146	147	154	161	154	
Lamb and mutton	62	63	66	65	64	63	61	60	61	62	63	
Pork	179	178	178	179	180	180	179	177	177	179	181	
Million pounds												
Production												
Beef	1,893	1,784	1,878	1,798	1,874	1,976	1,934	2,111	1,993	1,954	1,818	
Veal	29	30	31	26	28	32	29	33	31	31	30	
Lamb and mutton	23	26	35	25	26	26	23	27	27	27	26	
Pork	1,214	1,156	1,331	1,236	1,203	1,203	1,105	1,251	1,330	1,409	1,425	
1,000 head												
Commercial: 1/ Slaughter												
Cattle	2,921	2,758	2,896	2,784	2,908	3,067	2,982	3,206	3,011	2,965	2,799	
Calves	214	210	223	176	179	212	215	234	215	206	210	
Sheep and Lambs	390	416	548	404	427	428	405	462	469	453	432	
Hogs	6,977	6,682	7,680	7,090	6,881	6,898	6,365	7,284	7,715	8,092	8,132	
Million pounds												
Production												
Beef	2,007	2,040	2,098	1,828	1,924	1,943	1,982	2,162	2,042	2,006	1,875	
Veal	32	32	33	28	30	34	31	35	33	34	33	
Lamb and mutton	24	26	35	26	27	27	24	28	28	28	27	
Pork	1,244	1,183	1,360	1,263	1,231	1,232	1,133	1,281	1,359	1,442	1,462	
Cold storage stocks: 2												
Beef	312	328	312	304	273	247	265	291	307	296	300	
Veal	5	5	5	5	5	4	4	3	3	3	5	
Lamb and mutton	8	8	7	8	8	9	9	7	7	6	6	
Pork	287	308	346	396	389	363	337	287	288	321	364	
Total meat	656	693	716	758	720	669	666	630	646	664	704	
Trade:												
Imports (carcass wt)												
Beef	275.4	190.9	236.5	218.5	193.8	255.6	185.2	229.9	169.6	151.5	161.0	
Veal	4.1	2.5	2.9	1.7	1.1	1.2	1.3	1.6	3.0	4.0	2.3	
Lamb, mutton, and goat	7.1	5.9	6.2	6.0	4.9	3.5	2.6	3.1	2.4	2.8	3.3	
Pork	89.7	104.9	115.5	92.9	95.2	99.0	94.3	94.2	85.0	90.0	85.0	
Exports (carcass wt)												
Beef	43.4	40.3	50.0	52.3	51.1	52.2	50.6	66.1	71.2	67.9	74.0	
Veal	.3	.4	.2	.6	.8	1.2	.6	1.3	1.0	1.3	.8	
Lamb and mutton	.1	.1	.1	.1	.1	.1	3/	.1	.1	.2	.1	
Pork	8.1	7.8	9.4	16.0	21.5	22.5	17.6	18.3	14.6	18.1	21.6	

1/ Federally inspected and other commercial. 2/ End of month. Beginning January 1977, excludes beef and pork stocks in cooler. 3/ Less than 50,000 lb.



## POULTRY AND EGGS

### Broilers

Broiler production will likely increase 4 percent in 1989, following favorable returns in 1988. Broiler prices will likely average about the same, as competing red meat supplies will be down.

#### *Net Returns Positive in 1988*

Broiler producers' net returns averaged about 5 cents per pound in 1988, up slightly from 1987's 4 cents. Broiler producers began 1988 with rather weak prices, and posted a slightly negative net return in the first quarter. But with increasing prices in the second quarter, net returns rose to 10 cents, and to nearly 16 cents in the third quarter. Fourth-quarter net returns were estimated at about 7 cents.

#### *Net Returns To Remain Favorable in 1989*

Net returns in 1989 are expected to remain positive throughout the year, as feed costs are expected to drop during the third and fourth quarters if normal weather and grain yields occur. Higher than year-earlier feed prices will likely keep net returns unchanged from fourth-quarter 1988 through the second quarter of 1989. Lower feed costs and broiler prices will probably leave net returns during late 1989 nearly unchanged from fourth-quarter 1988 levels.

#### *Broiler Production Increased in 1988*

Broiler production increased more than 4 percent in 1988 to 16.1 billion pounds, after increasing nearly 9 percent in 1987. The rate of increase slowed to 4 percent by second-quarter 1988, as producers responded to negative net returns

in late 1987 and early 1988. Production in the third quarter increased only 2 percent as hot summer weather slowed rates of gain. Net returns surged as high as 20 cents per pound during July. Higher summer prices reflected less-than-anticipated production due to heat stress and an unusual alignment of demand factors. For example, retailers and fast food restaurants featured chicken throughout the summer, while beef prices remained high and real per capita disposable income rose 3 percent. Broiler producers increased production by 4 percent during the fourth quarter in response to the summer's high net returns.

#### *Broiler Production To Increase 4 Percent in 1989*

Broiler production will probably increase another 4 percent in 1989, although the expansion will probably be somewhat larger in the second half than in the first. Broiler firms continue to show reluctance to expand 1989 production, although short-term indicators show the industry is anticipating positive net returns. Higher than year-earlier feed costs and uncertainties about the relative strength of broiler prices probably are causing producers to be cautious.

First-quarter broiler production in 1989 will likely increase about 3 percent. The November broiler chick hatch and weekly chick placements increased about 3 percent. Eggs in incubators rose a similar amount in December from a year earlier. The hatching-egg flock on December 1, 1988, a rough indicator of broiler egg-laying capacity, was more than 4 percent greater than the year before, indicating that production during the second quarter will probably increase by 4 percent.

The estimated broiler hatchery supply flock is a longer term but rough indicator of broiler producer intentions. The estimate of the June 1989 broiler flock is down 3 percent from a year earlier. The decrease could be misleading,

Table 24--Broiler chicks hatched and pullet chicks placed in hatchery supply flocks, 1986-88

In hatchery supply flocks, 1986-1989										
Broiler-type chicks				Pullet chicks placed in broiler hatchery supply flocks						
Month				Monthly placements			Cumulative placements 7-14 months earlier			
	1986	1987	1988	1986	1987	1988	1986	1987	1988	1989
Thousands										
January	409,336	439,442	464,527	3,395	4,077	3,389	27,483	29,039	33,028	31,691
February	376,092	405,252	431,724	3,420	3,699	4,038	27,940	29,427	33,254	31,539
March	432,871	456,081	482,769	3,675	4,111	4,538	27,374	29,523	32,805	31,470
April	424,078	455,679	470,154	4,062	4,713	3,831	27,156	29,722	32,185	32,043
May	438,623	473,827	485,489	3,938	4,055	4,197	27,321	30,148	32,612	32,136
June	428,691	461,421	472,549	3,515	4,181	3,818	27,002	30,242	32,264	31,194
July	429,883	463,321	471,469	3,672	3,995	3,611	26,868	30,603	31,668	
August	415,991	455,676	478,747	3,846	3,974	4,048	26,591	30,742	31,002	
September	401,676	433,769	454,308	3,594	3,457	3,962	26,849	30,926	30,859	
October	416,193	441,893	452,256	3,846	4,126	4,131	27,124	31,365	31,402	
November	402,582	423,147	437,079	3,769	3,763	3,596	28,021	32,232	31,259	
December	437,287	469,720		4,423	4,117		28,706	32,693	31,999	



Table 25--Broilers: Eggs set and chicks placed weekly in 15 commercial States, 1987-88 1/

Period 2/ Month and day 2/	Eggs set			Chicks placed		
	1987	1988	Percent of previous year	1987	1988	Percent of previous year
	- - - Thousands - - -	- - - Thousands - - -	Percent	- - - Thousands - - -	- - - Thousands - - -	Percent
January						
2	114,888	112,773	105	90,631	95,420	105
9	114,902	118,893	103	90,096	96,666	107
16	115,567	117,603	102	89,433	94,999	106
23	115,321	115,673	100	90,742	94,742	104
30	115,823	115,911	100	90,176	95,635	106
February						
6	114,628	119,949	105	90,398	94,688	105
13	114,749	120,719	105	90,733	92,550	102
20	118,045	121,833	103	91,176	91,535	100
27	119,362	122,959	103	90,653	95,654	106
March						
5	118,761	122,303	103	90,690	96,368	106
12	119,208	122,207	103	92,756	97,797	105
19	118,550	121,908	102	94,339	98,777	105
26	121,231	120,322	99	94,050	98,422	105
April						
2	121,931	122,731	101	94,584	98,124	104
9	122,663	121,267	99	93,129	98,925	106
16	121,567	122,374	101	95,604	96,595	100
23	121,048	121,169	100	97,088	98,508	106
30	120,326	120,065	100	96,876	98,339	101
May						
7	121,948	121,387	98	95,972	98,803	103
14	121,996	122,204	100	95,409	98,532	103
21	121,452	121,791	100	95,573	96,738	100
28	123,382	122,978	98	96,948	97,640	101
June						
4	122,440	122,655	100	96,470	98,263	102
11	122,807	123,938	101	95,722	98,185	103
18	123,003	122,905	98	97,270	99,444	102
25	119,513	121,914	102	98,118	98,505	100
July						
2	113,208	113,790	101	97,042	99,971	103
9	119,775	120,312	100	96,978	99,472	103
16	117,942	121,040	103	94,843	97,864	103
23	117,671	120,706	103	89,232	89,329	100
30	118,706	121,527	102	94,929	96,217	100
August						
6	118,449	120,763	102	92,830	96,623	104
13	117,998	122,485	104	93,339	96,765	104
20	117,671	121,983	104	93,624	97,185	104
27	118,519	121,538	103	93,001	96,738	104
September						
3	116,772	118,652	102	91,465	98,033	107
10	112,431	114,912	102	92,125	98,007	106
17	109,677	109,599	98	93,380	96,383	103
24	113,743	115,948	102	91,209	94,503	104
October						
1	118,781	120,351	100	88,489	92,129	104
8	114,727	117,479	102	85,925	85,099	98
15	105,997	112,448	106	89,722	92,614	103
22	105,676	108,819	103	93,718	96,017	102
29	116,523	114,539	98	92,143	94,684	103
November						
5	119,888	119,715	100	84,667	89,862	106
12	120,697	123,325	102	83,968	86,444	103
19	122,117	125,663	103	92,449	91,230	99
26	122,665	123,847	101	95,621	95,653	100
December						
3	116,125	124,369	107	97,109	97,745	101
10	120,781	123,387	102	97,249	100,137	103
17	121,223	121,456	100	97,782	98,582	101
24	120,279	123,864	103	92,381	98,582	107
31	120,773	123,698	102	95,420	98,096	103

1/ 15 States: Ala., Ark., Calif., Del., Fla., Ga., Md., Miss., N.C., Pa., S.C., Tenn., Tex., Va., and W. Va.  
2/ Weeks in 1988 and corresponding weeks in 1987.



Table 26--Federally inspected young chicken slaughter, 1987-88

Year	Number	Average weight	Live-weight	Certified RTC
	Million	Pounds	- Million pounds -	
1987				
I	1,188	4.33	5,149	3,735
II	1,252	4.29	5,365	3,907
III	1,302	4.20	5,470	3,966
IV	1,230	4.35	5,355	3,895
Year	4,971	4.29	21,333	15,502
1988				
I	1,267	4.35	5,511	3,996
II	1,303	4.30	5,611	4,079
III 1/	1,316	4.20	5,529	4,033
IV				
Year				

1/Preliminary

however, as it probably resulted from placements during 1988 which exceeded those necessary to support a 4-percent increase in production. The hatchery supply flock during the early part of 1988 could have supported increased production of nearly 7 percent. Excess broiler hatching eggs were probably sent to egg breakers for processing. But fluctuations in placements to the broiler hatchery supply flock are causing continued uncertainty about the degree of increase expected in 1989. Second-half broiler production will probably increase nearly 4-6 percent.

Per capita consumption of broilers will probably continue to increase in 1989 to near 65 pounds, up from the 62.4 pounds likely for 1988. Annual per capita consumption has increased every year since 1980. There have only been four

years since 1960 when per capita consumption decreased from one year to the next, and the largest was a 1-pound decline in 1973 when feed costs rose dramatically in response to large exports of grain beginning in 1972.

### Broiler Prices in 1988 Up From 1987

The 12-city wholesale broiler price in 1988 averaged more than 56 cents per pound, up nearly 19 percent from 47 cents in 1987. Prices averaged 45 cents in the first quarter while production was increasing 7 percent. Prices moved higher during the second quarter, averaging 56 cents, as fast food restaurants began to feature chicken products and as production increases began to slow due to negative returns in late 1987 and early 1988. Added demand pressure from retailer specials and from higher beef prices and relatively high pork prices, along with slowing rates of gain for broilers, caused prices to reach 66 cents in the third quarter. Prices declined seasonally to 58 cents in the fourth quarter, but remained very strong when compared with 43 cents a year earlier.

### Broiler Prices To Remain Steady in 1989

The wholesale broiler price is expected to average 54-60 cents per pound in 1989, about the same as in 1988. Prices are expected to remain strong through the third quarter, as continued lower beef and relatively steady pork production prop up broiler prices in the face of increasing broiler supplies. Broiler prices are expected to average 57-61 cents per pound during the first quarter. Prices in the second and third

Table 27--Young chicken prices and price spreads, 1986-88

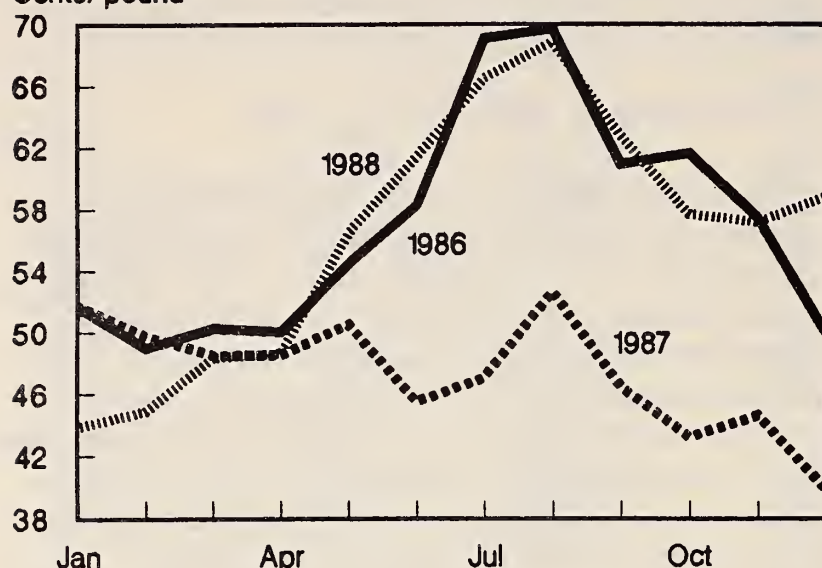
Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Avg.
Cents per pound													
Farm price 1/													
1986	30.6	29.2	29.7	29.5	32.2	35.4	42.7	43.9	36.5	39.3	34.9	30.4	34.5
1987	31.0	30.0	29.0	29.2	29.9	27.6	27.6	31.7	27.8	25.1	26.3	24.6	28.3
1988	27.1	25.7	27.5	28.0	33.5	36.7	42.1	41.9	39.2	37.5	35.0	35.5	34.1
Wholesale RTC													
12-city avg. 2/													
1986	51.7	49.0	50.3	50.0	54.6	58.3	69.1	69.7	61.0	61.6	57.5	50.0	56.9
1987	51.8	49.8	48.5	48.6	50.5	45.5	47.0	52.6	46.4	43.2	44.6	39.8	47.4
1988	43.9	44.9	48.4	48.7	56.3	61.5	66.5	68.9	62.8	57.7	57.1	58.8	56.3
U.S. avg. retail price													
1986	76.6	77.1	76.7	75.2	76.9	79.5	88.9	95.8	91.0	90.0	87.8	86.5	83.5
1987	82.1	83.2	80.4	79.2	78.2	77.1	75.5	78.5	79.3	79.1	75.6	73.6	78.5
1988	74.0	74.5	75.3	76.0	79.6	86.8	93.7	96.1	97.5	93.2	89.2	88.5	85.4
Price spreads													
Retail-to-cons.													
1986	19.5	21.8	21.0	19.2	16.3	15.5	16.4	20.0	21.6	20.5	22.6	30.0	20.4
1987	24.3	26.8	25.2	25.3	21.2	18.7	21.2	20.2	33.1	30.2	25.2	26.1	24.8
1988	23.7	24.4	21.6	20.5	16.5	18.0	22.8	21.9	29.9	31.7	26.7	24.0	23.5
1982-84 = 100													
Retail pr. index													
Wh. chickens													
1986	105.0	105.6	106.0	103.9	106.1	109.8	121.9	132.3	125.5	124.9	123.0	121.0	115.4
1987	119.5	118.7	115.2	113.1	112.9	111.6	109.9	113.9	114.6	113.0	109.2	107.7	113.3
1988	107.9	109.5	110.3	111.6	117.4	125.9	137.4	140.1	142.0	136.0	131.7	131.0	125.1

1/ Live weight. 2/ 12-city composite weighted average.



## Broilers: 12-City Wholesale Composite Price

Cents/pound



quarters are expected to average 55-61 cents. Prices are expected to decline in the fourth quarter as demand begins to slow seasonally and increases in production become larger.

## Turkeys

Turkey production will expand only 3 percent in 1989 after experiencing 2 years of lackluster net returns. Turkey prices will likely increase slightly in response to lower stocks and competing red meats.

### Turkey Producer Net Returns Negative in 1988

Turkey producers' net returns were -2.5 cents per pound in 1988, compared with -.7 cents in 1987. Net returns were negative because first- and second-quarter losses, of -13 and -10 cents, outweighed third- and fourth-quarter gains of 6 and 4 cents, respectively. Heavy production increases during first-half 1988 kept prices below breakeven. Decreasing production during second-half 1988 allowed prices to move above breakeven.

Net returns for turkey growers are expected to remain negative during the first half of 1989. Prices began falling in late November 1988 and declined below breakeven in December, probably because of large inventories being held by retailers at Thanksgiving. Higher prices apparently kept consumers from buying turkeys beyond immediate needs for the fourth-quarter holidays. Higher feed costs are expected to keep net returns negative until third-quarter 1989, when seasonal demand should push turkey prices above breakeven for the rest of the year.

### Turkey Production Increased in 1988

Total turkey production increased nearly 6 percent in 1988, to more than 4 billion pounds. The largest increase,

25 percent, came in the first quarter. The expansion slowed during the second quarter to 13 percent, then production decreased 3 percent in the third and fourth quarters.

Turkey production is projected to increase 3 percent in 1989. Increases may be larger in the second half than the first because declining feed costs will probably reduce costs of production. First-quarter production will likely increase about 1-2 percent. Poult placements in September-November 1988, for first-quarter 1989 slaughter, increased 2 percent. Positive net returns in the last half of 1988 will probably give producers impetus to increase production in the last half of 1989.

Table 28--Estimated costs and returns, 1987-88 1/

Year	Production costs		Wholesale		Net returns
	Feed	Total	Total costs 2/	Price 3/	
Market eggs (cts/doz)					
1987					
I	21.8	40.0	60.5	66.4	5.9
II	23.1	41.3	61.8	58.9	-2.9
III	23.9	42.1	62.6	64.1	1.5
IV	24.5	42.7	63.2	59.7	-3.5
Year 4/	23.3	41.5	62.0	62.3	0.2
1988					
I	26.1	44.3	64.8	56.8	-8.0
II	27.1	45.3	65.8	54.6	-11.2
III	34.1	52.3	72.8	73.4	.6
IV 5/	33.5	51.7	72.2	70.1	-2.1
Year 4/ 5/	30.2	48.4	68.9	63.7	-5.2
Broilers (cts/lb)					
1987					
I	12.7	20.7	42.0	50.0	-8.0
II	12.8	20.8	42.1	48.1	6.0
III	14.3	22.3	44.1	48.8	4.7
IV	13.7	21.7	43.4	42.5	-0.8
Year 4/	13.4	21.4	42.9	47.4	4.4
1988					
I	15.4	23.4	45.6	45.5	-0.1
II	15.3	23.3	45.5	55.7	10.2
III	19.0	27.0	50.4	66.1	15.6
IV 5/	19.7	27.7	51.4	57.9	6.5
Year 4/ 5/	17.4	25.4	48.2	56.3	8.1
Turkeys (cts/lb)					
1987					
I	18.4	32.1	56.5	57.0	0.5
II	18.2	31.9	56.1	58.7	2.6
III	20.4	34.1	58.9	55.0	-4.0
IV	19.8	33.5	58.2	57.6	-0.8
Year 4/	19.4	33.1	57.6	57.0	-0.7
1988					
I	21.9	35.6	60.8	48.1	-12.8
II	22.0	35.7	60.9	50.7	-10.1
III	25.4	39.2	65.2	71.5	6.3
IV 5/	28.6	42.3	69.2	73.1	3.9
Year 4/ 5/	24.7	38.4	64.3	61.8	-2.5

1/ Costs and prices are weighted by monthly production. 2/ Based on farm cost converted to wholesale market value. 3/ Wholesale prices used are the 12-metro area egg price, 12-city weighted average broiler price, and a weighted average of 8-16 lb. young hens and 14-22 lb. toms in Central, Western, and Eastern Regions. 4/ Weighted average. 5/ Preliminary.



Table 29--Turkey hatchery operations, 1986-89 1/

Month	Total turkey placed 2/			Eggs in incubators first of month, changes from previous year		
	1986 1987	1987 1888	1988 1989	1986 1987	1987 1988	1988 1989
	- - Thousands - -			- - - Percent - - -		
Sept.	13,620	15,024	16,028	+18	+16	+9
Oct.	14,135	16,743	16,193	+17	+18	+3
Nov.	13,836	17,714	18,321	+11	+21	0
Dec.	17,705	19,956		+18	+15	+4
Jan.	21,646	22,307		+27	+9	
Feb.	21,265	23,059		+14	+8	
Mar.	25,401	25,043		+19	+3	
Apr.	26,703	24,647		+17	-2	
May	26,623	25,313		+16	-5	
June	27,265	25,874		+15	-4	
July	25,999	23,851		+19	0	
Aug.	19,889	19,289		+22	-4	

1/ Breakdown by breed not shown to avoid disclosing individual operations. 2/ Excludes exported poults.

### Ending Turkey Stocks To Decrease

Ending turkey stocks for 1988 were probably around 200 million pounds, about 30 percent below the 1987 level. Even though turkey stocks in public storage at the beginning of fourth-quarter 1988 were significantly below 1987 levels, retailers were apparently holding more inventory in private storage. That, coupled with higher retail prices for turkey, may keep ending stocks at 200 million pounds. Prices may not have been low enough to tempt consumers into buying extra turkeys for use after the holiday season, as occurred in 1987.

Table 30--Federally inspected turkey slaughter, 1987-88

Year	Number	Average weight	Live-weight	Certi-fied RTC
	Million	Pounds	- Million pounds -	
1987				
I	40.9	20.7	846.7	670.1
II	55.4	19.7	1,090.8	864.9
III	69.9	19.9	1,390.7	1,100.1
IV	64.8	21.1	1,365.5	1,081.9
Year	231.1	20.4	4,693.7	3,717.1
1988				
I	50.3	21.0	1,054.0	836.6
II	59.9	20.6	1,235.3	980.3
III	65.8	20.4	1,344.1	1,066.3
IV				
Year				

Stocks are expected to build again in 1989 to around 550 million pounds for the traditional yearend holiday season. Smaller increases in production, along with the lower beginning stocks, are expected to keep beginning fourth-quarter stocks below the 1988 level.

### Turkey Prices Higher in 1988

Wholesale hen turkey prices in the East averaged 61 cents per pound in 1988, above 1987's 58 cents. Prices in first-quarter 1988, at 49 cents, were substantially below the 58 cents of a year earlier. Prices began rising during the second quarter, to 51 cents, as indicators pointed toward turkey producers slowing production in the third and fourth

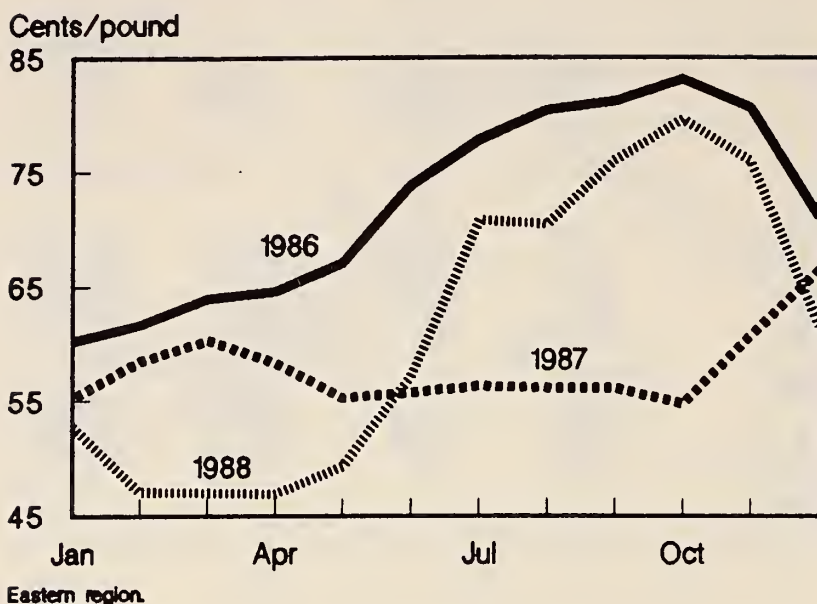
Table 31--Turkey prices and price spreads, 1986-88

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
Cents per pound													
Farm price 1/													
1986	35.6	36.3	36.9	38.1	40.9	45.9	49.3	50.9	51.4	53.0	51.5	43.0	44.4
1987	35.1	35.8	35.7	36.3	35.5	34.1	33.5	32.1	31.3	30.2	34.0	38.4	34.3
1988	31.8	29.0	28.2	28.4	29.7	31.6	39.4	41.6	45.7	47.8	47.6	37.6	36.5
New York, hens 8-16 lbs 2/													
1986	60.3	61.7	63.9	64.6	67.1	73.8	77.9	80.5	81.2	83.2	80.7	71.1	72.2
1987	55.3	58.5	60.3	58.3	55.3	55.7	56.3	56.1	56.1	54.7	60.7	66.5	57.8
1988	52.8	47.1	47.0	46.9	49.2	57.1	70.8	70.5	76.0	79.6	76.0	61.7	61.2
4-region average retail price													
1986	106.3	107.8	104.8	104.2	103.4	102.3	105.6	109.5	111.9	112.9	108.1	102.1	106.6
1987	103.6	103.2	103.0	100.4	102.8	105.1	105.8	105.1	103.3	102.6	90.0	89.3	101.2
1988	93.1	92.9	91.0	89.4	92.9	92.9	96.0	99.5	100.6	104.0	99.2	97.1	95.7
Price spreads													
Retail-to-consumer													
1986	33.7	36.7	32.5	31.3	27.1	19.0	19.3	19.5	21.7	20.2	16.2	21.8	24.9
1987	39.8	37.4	35.4	33.4	37.3	40.1	41.1	41.8	39.0	38.3	22.0	13.5	34.9
1988	29.8	35.0	33.4	33.0	35.1	24.6	23.7	21.0	17.3	16.5	14.7	26.7	25.9
1982-84 = 100													
Consumer pr. index 3/													
1986	111.6	112.5	111.1	109.7	110.5	109.8	110.9	111.7	114.5	117.1	113.9	112.3	112.1
1987	113.3	111.6	112.0	109.6	111.6	111.8	112.1	111.6	109.4	109.2	103.5	103.9	110.0
1988	107.7	107.2	107.2	107.5	108.3	109.3	109.8	112.4	114.2	115.5	113.1	113.3	110.5

1/ Live weight. 2/ Wholesale, ready-to-cook. 3/ Other poultry CPI.  
Source: Other poultry.



## Wholesale Hen Turkey Prices



quarters. Prices in the third and fourth quarters averaged 73 and 72 cents, respectively.

Wholesale turkey prices in 1989 will probably average around 66 cents, significantly higher than in 1988, because first-half 1989 prices will be sharply higher than in first-half 1988. First-quarter prices will likely average 58-62 cents per pound. Prices will decrease slightly to 55-61 cents in the second quarter because Easter will fall in the first quarter, but second-quarter prices will remain well above a year earlier. Prices are expected to rise seasonally during the second half, averaging nearly the same as in second-half 1988.

## Eggs

### Total Egg Production Down in 1988

For egg producers as a group, 1988 was a difficult year, marked by low prices and a reduction in productive capacity. The laying flock was reduced significantly, and is thought to

have ended the year about 4 percent below a year earlier. This was the largest liquidation of layers since the avian influenza outbreak of 1983.

Total egg production in 1988 (table and hatching eggs) likely declined about 1 percent. First-half 1988 production was near a year earlier, but second-half output was about 2 percent below second-half 1987. Lower second-half production came about because of the smaller total laying flock. The total laying flock was down by just over 3 percent in November, and down nearly 4 percent on December 1.

For 1989, total egg production is expected to undergo a year-to-year decline of nearly 2 percent. This forecast is based on the expectation of a smaller laying flock through most of the year.

### Table Egg Production Lower

The table-egg type laying flock is expected to decrease over the first two quarters of 1989, following the usual pattern of lows in June-July and highs in November-December. However, the flock will remain well below year-earlier levels for the next several quarters. Table egg laying-type eggs set and chicks placed, key indicators of changes in future flock numbers, have been running well below the year before. Egg-type chicks hatched during November were 4.5 percent below a year earlier. This followed an October which was 9.8 percent below 1987. The number of eggs in incubators on December 1 was 89 percent of the year-earlier figure. The table-egg type flock during November was 4 percent below a year earlier, while the hatching-egg type flock was more than 3 percent higher. On December 1, the table-egg type flock, which represents about 87 percent of the total, was nearly 5 percent below a year earlier.

For 1989, table egg production is expected to be down nearly 3 percent. First-quarter 1989 table egg production is

Table 32--Force moltings and light-type hen slaughter, 1986-88

Month	Force molted layers 1/						Light-type hens slaughtered under Federal inspection 2/ (Number)		
	Being molted			Molt completed					
	1986	1987	1988	1986	1987	1988	1986	1987	1988
	- - - Percent - - -						- - - Thousands - - -		
January	3.6	4.2	3.8	25.2	20.9	20.9	13,890	13,004	13,587
February	4.8	4.6	5.0	23.5	19.1	20.4	12,221	13,196	13,993
March	4.2	3.8	3.8	24.4	20.1	20.6	14,201	13,451	14,466
April	2.8	2.8	3.9	24.0	19.6	19.4	14,761	14,428	14,364
May	5.4	5.4	5.9	22.1	18.8	18.7	13,277	12,747	13,948
June	4.4	6.4	7.6	22.8	18.5	20.0	14,875	13,933	13,122
July	5.4	4.7	6.0	21.9	20.5	21.3	12,280	12,481	8,255
August	3.9	4.9	4.7	21.4	21.0	22.1	11,682	12,518	10,478
September	3.9	5.3	4.3	20.8	21.7	22.4	11,185	10,814	9,119
October	4.7	4.9	4.5	20.2	21.3	22.4	12,450	12,055	9,452
November	4.2	4.2	3.9	20.7	21.4	22.7	10,019	11,410	10,576
December	2.5	3.4	3.5	22.0	22.4	24.1	12,975	15,957	

1/ Percent of hens and pullets of laying age in 15 selected States. 2/ Revisions include data from late reports or other corrections developed by the Food Safety and Inspection Service.



projected to be about 4 percent below a year earlier. For the second through fourth quarters, year-on-year production changes are forecast at -3, -2, and -2 percent, respectively.

Higher egg prices during the third quarter of 1988 encouraged some producers to reduce the slaughter of spent hens. Light-type hen slaughter during that quarter was down 22 percent from the year-earlier figure. Light-type hen slaughter during October was 21.5 percent lower, while November slaughter was down 7.3 percent. The proportion of the flock which had completed a molt on December 1 was 24.1 percent, compared to the previous year's 22.4. This, along with the slaughter data, suggests that many older hens are being retained.

### Egg Consumption To Continue Declining

For 1988, consumption of eggs in all forms totaled about 243 per person, a decline of about 6 eggs from 1987. Some of the reasons include a move toward lighter or no breakfasts and general health concerns. The 1989 forecast calls for another decline, with projected per capita consumption put at about 235 eggs.

### Production of Egg Products Up

Based upon data for January-November, 1988 was a record year for the egg-product subsector. Processed eggs probably represented a record 17.2 percent of total U.S.

Table 33--Egg-type chick hatchery operations, 1986-1988

Month	Hatch			Eggs in incubators first of month, changes from previous year		
	1986	1987	1988	1986	1987	1988
	- - Thousands - -			- - Percent - -		
Jan.	34,538	34,156	29,472	13	5	-4
Feb.	34,826	35,815	28,468	25	4	-24
Mar.	38,523	41,708	34,743	11	5	-17
Apr.	42,359	42,356	35,051	5	-2	-17
May	42,465	40,858	35,824	8	1	-16
June	37,253	37,256	32,987	6	1	-7
July	33,575	33,375	24,806	10	-4	-23
Aug.	33,382	34,667	27,270	4	8	-24
Sept.	32,638	31,800	30,556	2	4	-10
Oct.	32,444	33,959	30,662	-4	9	-13
Nov.	27,456	30,593	29,219	-16	10	1
Dec.	33,262	31,242		-3	-7	-11

Table 34--Layers on farms and eggs produced, 1987-88 1/

Quar- ters	Number of layers		Eggs per layer		Eggs produced	
	1987	1988	1987	1988	1987	1988
	- Million -		- Number -		Million dozen	
I	282	283	61.0	62.2	1,434.6	1,467.1
II	280	275	63.1	63.4	1,472.1	1,453.1
III	277	269	62.1	62.9	1,432.7	1,408.0
IV	283	274	61.6	62.2	1,451.7	1,420.1
Annual	280	275	247.8	250.7	5,791.0	5,748.3

1/ Marketing year beginning December 1.

production, up from 1987's record 16.2 percent. During the first 11 months of 1988, nearly 5 percent more shell eggs were used in producing liquid, frozen, and dried egg products than in the previous year. Liquid egg production for immediate consumption was up nearly 11 percent, while frozen egg products rose 3 percent and dried product output was slightly lower.

### Egg Prices Volatile

Wholesale prices for cartoned grade A large eggs in New York City averaged 62.1 cents per dozen during 1988. These prices have fluctuated significantly during the past several months. Egg prices fell from a mid-September high of 79.5 cents per dozen to 64.5 cents by early October. Prices ranged within 1 cent of 65 cents per dozen between early October and early-December, and then fell to 62.5 cents. Beginning in mid-December, daily prices moved sharply higher, reaching 78.5 cents by the end of the third week, where they remained until monthend. Fourth-quarter prices averaged 67.3 cents, compared with the year-earlier average of 59.2 cents.

Table 35--Shell eggs broken and egg products produced under Federal inspection, 1987-88

Period	Shell eggs broken	Egg products produced 1/		
		Liquid 2/	Frozen	Dried
	Thou. doz.	Thou. lbs.	Thou. lbs.	Thou. lbs.
1987				
January	73,724	23,567	29,042	8,981
February	71,122	22,371	27,250	8,159
March	80,467	26,343	31,909	8,725
April	74,135	23,231	27,750	8,428
May	77,451	23,121	28,307	9,242
June	85,391	27,478	27,781	9,788
July	86,461	23,730	30,972	9,622
August	79,928	25,061	27,454	8,356
September	78,419	27,371	28,455	7,157
October	81,959	28,644	34,433	8,504
November	73,557	22,542	29,511	8,037
December	79,469	21,367	34,530	9,337
Jan. -Nov.	860,614	273,459	322,864	95,026
1988				
January	74,629	24,055	26,050	8,973
February	75,240	24,470	26,412	8,649
March	81,978	27,153	28,412	7,712
April	78,725	26,516	28,209	9,487
May	88,484	29,635	33,072	10,226
June	93,003	30,076	37,251	9,034
July	80,170	25,572	30,347	7,903
August	90,302	30,412	31,675	9,178
September	79,125	27,888	30,565	7,327
October	79,071	27,803	30,198	7,589
November	80,261	28,622	31,507	8,455
December				
Jan. -Nov.	900,988	302,202	333,698	94,533
Jan. -Sept. Pct. Chg. Yr-on-Yr	+4.7	+10.5	+3.4	-0.5

1/ Includes ingredients added. All expressed in liquid egg equivalent. 2/ Liquid egg products produced for immediate consumption.



For 1989, wholesale prices in New York City are expected to average 68-74 cents per dozen, 6-12 cents above 1988. Based upon typical seasonal patterns and projected production, quarterly prices are expected to average near 70 cents per dozen in the first quarter, and then decline to the mid-60-cent area during the second quarter. Prices are projected to strengthen to the low-70-cent area in the third quarter, and then move to the upper-70-cent range during the final quarter of 1989.

### Estimated Net Returns Positive in December, Negative in Fourth Quarter

Estimated net returns to egg producers were about 2.9 cents per dozen in December. The reason was a runup in egg prices, coupled with a modest decrease in estimated production costs. Producers realized estimated net returns of negative 2.1 cents per dozen in the fourth quarter of 1988. Estimated net returns for 1988, after weighting for production, were -5.2 cents per dozen. This represents the largest negative figure in the data series, which began in 1972, and resulted from a sharp rise in feed costs coupled with little change in wholesale prices.

For 1989, net returns are projected to be well below breakeven during the first half. For the third quarter, projected lower feed costs and higher egg prices should result in net returns averaging about 1-5 cents per dozen. The tentative outlook for fourth-quarter 1989 is more favorable, however, as sharply lower feed costs and rising egg prices should result in net returns of 10-15 cents per dozen, in line with fourth-quarter 1985 and 1986 returns.

### Wholesale Egg Prices

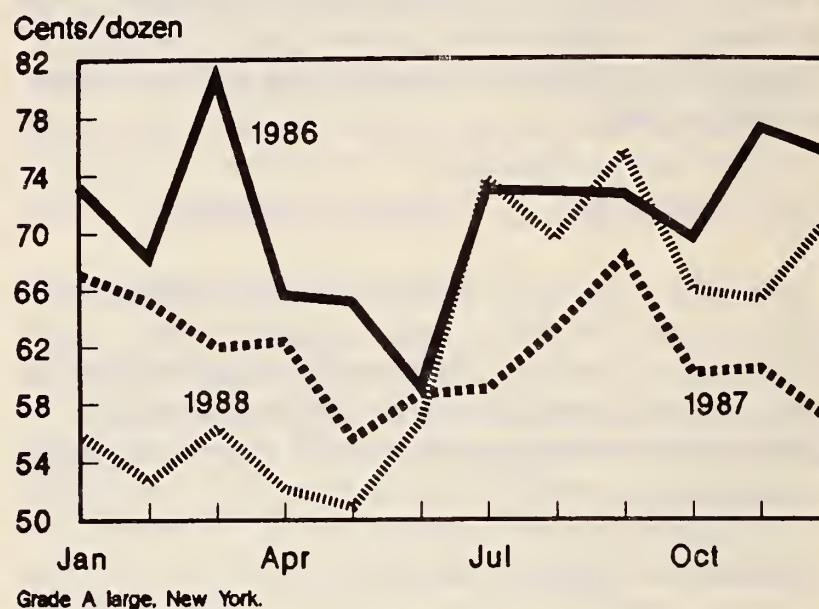


Table 36--Egg supply and utilization (population includes military) 1/

Year	Pro- duction	Beginning stocks	Breaking egg use	Imports 2/	Total supply	Exports	Ship- ments	Hatching egg use 3/	Ending stocks	Consumption Total	Per capita
Total eggs Million dozen											
1986											
I	1,420.6	10.7	---	3.6	1,434.9	26.0	7.5	139.2	8.7	1,253.6	62.5
II	1,417.8	8.7	---	4.0	1,430.5	22.4	5.8	145.1	11.9	1,245.4	62.0
III	1,410.5	11.9	---	2.2	1,424.6	29.0	7.5	141.4	11.5	1,235.2	61.3
IV	1,456.1	11.5	---	3.9	1,471.4	24.2	7.2	141.2	10.4	1,288.4	63.8
Year	5,704.9	10.7	---	13.7	5,729.3	101.6	28.0	566.8	10.4	5,022.5	249.5
1987											
I	1,440.4	10.4	---	2.6	1,453.4	23.6	7.3	147.6	11.9	1,263.0	62.4
II	1,438.4	11.9	---	1.2	1,451.6	23.7	4.8	154.2	13.8	1,255.0	61.9
III	1,438.5	13.8	---	1.0	1,453.3	21.5	6.1	147.8	13.5	1,264.3	62.2
IV	1,479.2	13.5	---	0.8	1,493.4	42.4	6.9	146.4	14.4	1,283.3	63.0
Year	5,796.5	10.4	---	5.6	5,812.5	111.2	25.1	596.0	14.4	5,065.7	249.4
1988											
I	1,463.6	14.4	---	.9	1,478.8	33.7	6.0	150.2	12.7	1,276.3	62.4
II	1,414.9	12.7	---	.7	1,428.3	34.1	6.4	153.5	20.1	1,214.1	59.3
III 4/	1,410.2	20.1	---	2.1	1,432.4	33.4	6.6	150.5	17.5	1,224.4	59.6
IV											
Shell eggs											
1986											
I	1,420.6	0.7	187.8	3.0	1,236.5	5.7	7.5	139.2	0.6	1,083.6	54.0
II	1,417.8	0.6	227.0	3.3	1,194.7	6.9	5.8	145.1	1.1	1,035.8	51.5
III	1,410.5	1.1	225.1	1.2	1,187.7	6.4	7.5	141.4	0.9	1,031.6	51.2
IV	1,456.1	0.9	217.6	3.4	1,242.7	6.9	7.2	141.2	0.7	1,086.7	53.8
Year	5,704.9	0.7	857.4	11.0	4,859.2	25.9	28.0	566.8	0.7	4,237.8	210.5
1987											
I	1,440.4	0.7	225.3	1.9	1,217.7	7.1	7.3	147.6	1.0	1,054.9	52.1
II	1,438.4	1.0	237.0	0.1	1,202.5	8.9	4.8	154.2	1.0	1,033.6	51.0
III	1,438.5	1.0	242.8	0.1	1,196.8	8.3	6.1	147.8	1.0	1,033.6	50.8
IV	1,479.2	1.0	235.0	0.1	1,245.3	24.3	6.9	146.4	1.3	1,066.4	52.3
Year	5,796.5	0.7	940.1	2.3	4,859.4	48.6	25.1	596.0	1.3	4,188.4	206.2
1988											
I	1,463.6	1.3	231.8	0.1	1,233.1	16.0	6.0	150.2	2.0	1,058.9	51.8
II	1,414.9	2.0	260.2	0.1	1,156.9	12.0	6.4	153.5	0.9	984.0	48.0
III 4/	1,410.2	0.9	249.6	1.1	1,162.5	15.7	6.6	150.5	0.7	989.0	48.2
IV											

1/ Totals may not add due to rounding. 2/ Shell eggs and approximate shell-egg equivalent of egg products. 3/ Hatching for 1986-present calculated by the new method. 4/ Preliminary.  
 --- Not applicable for total egg supply and utilization.



Table 37--Egg prices and price spreads, 1986-88

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
Cents per dozen													
Farm price 1/													
1986	58.3	54.0	61.4	49.2	48.8	42.1	51.9	55.3	55.4	50.3	60.0	57.9	53.7
1987	51.7	50.1	46.0	45.8	39.5	40.3	40.8	40.5	49.7	40.9	45.4	38.8	44.1
1988	39.7	37.6	41.2	36.0	32.9	36.5	49.4	50.4	56.4	51.0	51.9	52.4	44.6
New York (cartoned) 2/ Grade A, large													
1986	73.3	68.3	80.8	65.7	65.2	59.2	73.0	72.8	72.6	69.6	77.2	75.5	71.1
1987	67.1	65.2	62.0	62.4	55.6	58.7	59.1	63.2	68.3	60.2	60.5	56.9	61.6
1988	55.9	52.7	56.4	52.1	50.9	56.8	73.7	69.5	75.7	66.0	65.3	70.7	62.1
4-region average, Grade A, large Retail price													
1986	90.1	86.6	88.7	89.0	82.0	79.5	83.3	91.3	86.8	85.5	89.7	91.0	87.0
1987	86.2	82.3	80.0	78.6	76.3	71.1	76.3	73.0	83.7	77.8	80.5	73.1	78.3
1988	76.0	71.8	74.0	71.9	67.8	70.5	80.3	90.9	87.4	89.6	83.9	83.3	79.0
Price spreads Retail-to-consumer													
1986	14.9	17.2	10.0	21.9	16.8	20.5	12.1	18.8	14.3	15.4	11.7	14.4	15.7
1987	17.4	14.5	16.5	15.3	20.8	12.7	16.4	15.7	13.6	18.4	18.4	15.4	16.3
1988	19.0	18.2	14.9	20.0	16.5	13.0	7.0	20.5	11.2	22.0	16.0	10.1	15.7
1982-84 = 100													
Consumer price index													
1986	101.5	97.4	99.6	98.5	90.7	87.1	91.4	100.7	97.1	97.2	102.2	103.7	97.3
1987	100.8	97.8	93.9	91.1	88.5	84.1	87.8	85.8	97.6	91.4	93.9	85.5	91.5
1988	90.1	85.5	87.9	85.0	81.8	83.6	95.1	104.2	103.1	105.5	101.2	99.6	93.6

1/ Market (table) eggs including eggs sold retail by the producer; data not available prior to 1982.

2/ Price to volume buyers.

An electronic database containing poultry and egg statistics, 1960-87, is available for sale from the Economic Research Service, USDA. This database is in the form of 181 Lotus 1-2-3 (Release 2.01) worksheet files on MS-DOS/PC-DOS compatible, 5.25", DSDD diskettes. To order, write ERS/DATA, Room 228, 1301 New York Ave. N.W., Washington, D.C. 20005-4788. Specify Egg and Poultry Statistics and include a check or money order payable to "ERS/DATA" for \$80.

## Trade

### U.S. Broiler Exports Down Slightly From 1987

Broiler exports for January-October 1988, at 614 million pounds, were down nearly 2 percent compared to the same period a year earlier. Average export unit values, however, continued to increase and the total value of broiler exports, \$304 million during January-October 1988, was up 3.3 percent from a year earlier.

The average export unit value for broilers has been increasing, and in October reached a 1988 high of 56 cents per pound, 19 percent above October of 1987. Early in 1988,

Table 38--U.S. broiler exports to major importers, January-October 1987-1988

Country or area	1987	1988
1,000 lb		
Japan	143,952	217,219
Hong Kong	97,259	83,268
Mexico	21,633	65,512
Singapore	44,106	46,135
Canada	39,747	41,348
Jamaica	34,807	37,298
Leeward-Windward Is.	18,165	25,091
Egypt	48,578	17,109
Netherlands Antilles	13,605	10,495
French Pacific Is.	9,133	10,266
Spain	5,219	10,176
Iraq	113,493	7,693
Other	34,476	42,301
Grand Total	624,173	613,911

unit values were relatively low at 44-45 cents, but since May 1988 they have moved above year-earlier levels. With U.S. prices not dropping much in the fourth quarter of 1988, export unit values probably continued high through the end of 1988. Unit export values for 1988 are estimated at about 50 cents per pound, compared to 47 cents in 1987 and 48 cents in 1986.

Japan's market dominance increased during 1988, and through October it accounted for 35 percent of total U.S. broiler exports. Mexico was another booming market, with sales three times those of 1987. Iraq and Egypt, large pur-



chasers under the Export Enhancement Program (EEP) during 1987, have restricted broiler imports, and have not imported any U.S. broilers since June 1988. Higher U.S. prices and larger EC export subsidies generally impeded EEP sales. The exception is Spain's Canary Islands, where EEP exports were up considerably in 1988.

U.S. broiler exports during October 1988, at nearly 63 million pounds, were down 6 percent from September, but 3 percent higher than October 1987. Whole broiler exports dropped again in October, to only 5.3 million pounds. Broiler parts increased to 92 percent of total exports. However, whole bird exports were up sharply to Japan and to Mexico, who accounted for 42 and 22 percent, respectively, of U.S. whole broiler exports.

### Outlook for 1989 Broiler Export Markets

Export volume for all broilers during 1988 likely dropped slightly from 1987. With U.S. prices expected to remain relatively high, broiler exports in 1989 are estimated to drop again. Brief reviews of 1989 export prospects to some of the major broiler markets are presented below.

The United States is likely to face renewed competition from Thailand in the Japanese market, assuming that Thailand's 1988 residue problems have been overcome. Thailand's currency has not increased very much in value relative to the dollar. Thailand is expected to maintain relatively low labor costs, which provide an advantage in poultry meat processing, especially in deboning and further processing. Also, local corn supplies are adequate. A new, freer competition between poultry meats and beef is beginning with Japan's recently increased beef imports.

Iraq's market outlook continues uncertain for 1989. It recently has shown definite interest in importing more chicken meat, but at such low prices that no sales have material-

### Leading Importers of U.S. Broilers

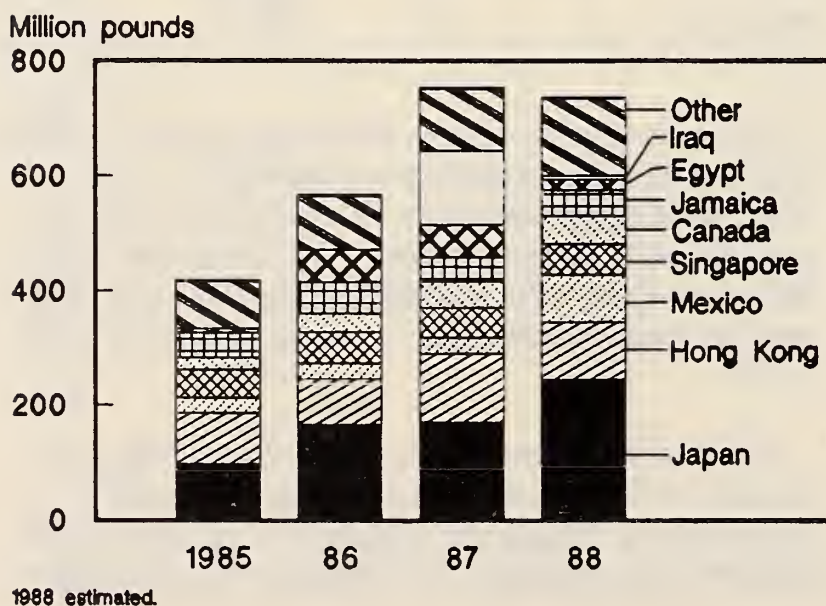


Table 39--U.S. mature chicken exports to major importers, January-October 1987-1988

Country or area	1987	1988
	1,000 lb	
Mexico	2,639	8,303
Japan	726	2,864
Canada	4,114	1,596
Kuwait	15	1,450
Jamaica	2,080	666
Egypt	1,312	646
Hong Kong	460	608
Singapore	46	493
United Arab Emirates	46	489
Dominican Republic	0	445
Other	2,383	3,018
Grand Total	13,821	20,578

ized to date. However, Iraq may eventually be willing to pay more if no low-priced chicken is offered by the EC and other U.S. competitors. Iraq's return as an important U.S. market under export programs would almost certainly mean an increase in U.S. 1989 exports. But relatively high U.S. prices make exporting to Iraq difficult. For example, recent U.S. whole bird prices, Georgia dock, are about 54 cents, while the Iraqi state trading company in December offered 50 cents, delivered Baghdad. While U.S. leg quarters are available at about 30 cents wholesale, Iraq prefers 75 percent whole birds and only 25 percent leg quarters, but may be willing to take 50 percent whole birds and 50 percent legs if a price could be agreed upon.

Egypt, in its attempts to increase domestic broiler production, instituted measures in 1988 to give more protection to local producers. Imports were cut back and domestic poultry prices permitted to rise, with an intended goal of improving the financial condition of poultry producers. However, as has happened before, production was hurt by a lack of adequate corn supplies. Egypt was, however, the leading importer of U.S. turkey meat in 1988, with over 8 million pounds through October.

The Free Trade Agreement (FTA) with Canada provides for increased global import quotas for chicken meat, turkey, eggs, and egg products. Global quotas have been exceeded

Table 40--U.S. turkey exports to major importers, January-October 1987-1988

Country or area	1987	1988
	1,000 lb	
Egypt	946	8,543
Federal Rep. of Germany	3,595	5,321
Mexico	1,414	5,315
Taiwan	1,217	2,978
Japan	1,735	2,718
Ivory Coast	216	2,450
South Africa	8	2,100
Hong Kong	1,406	1,959
Western Samoa	1,107	1,254
French Pacific Is.	531	1,152
Canada	3,497	1,038
Other	7,244	8,046
Grand Total	22,916	42,874



in previous years by the issuance of supplementary quotas by the Canadian Government, so the FTA does not automatically mean that Canada's 1989 imports will be higher. But in 1989 a larger FTA global quota is likely to lead to higher total imports (global plus supplementary quota imports).

Mexico was a major poultry importer in 1988 as it permitted increased imports of food to hold down consumer prices. Now that the elections are over and there is a new government, the policy of using large amounts of foreign exchange for food imports may be modified. If this occurs, poultry imports by Mexico could drop in 1989.

### *Turkey Exports Up Strongly for 1988, But Down in October*

Turkey exports for January-October 1988, at 43 million pounds, were 87 percent above the same period a year earlier. The leading importer was Egypt with 8.5 million pounds, followed by West Germany and Mexico, each with 5 million pounds. Turkey parts made up 89 percent of the total compared to about 75 percent a year ago. Sales to Egypt and West Germany were about 99 percent parts, and whole turkey exports, at just below 5 million pounds, were down 15 percent from 1987.

U.S. turkey exports, 3.3 million pounds in October 1988, were the lowest since October 1987. Mexico, with 0.6 million pounds, the Ivory Coast, at 0.5 million, and Hong Kong, at 0.4 million, were the leading destinations. While export

unit values of whole turkey in October, at 78 cents a pound, were 16 percent above a year earlier, unit export values of turkey parts, at 42 cents, remained 9 percent below a year earlier. The difference between whole bird and parts prices, at 36 cents, was unusually large.

For all of 1988, U.S. turkey exports will likely be up about 50 percent to some 50 million pounds, the highest in several years. For 1989, U.S. exports are estimated to drop about 20 percent from 1988. Higher U.S. prices are expected, and there are some uncertainties concerning import tariffs or other barriers in major markets such as West Germany, Egypt, Taiwan, and Mexico.

### *U.S. Egg Exports Up Sharply*

Total egg exports for January-October 1988 were 122 million dozen, up 57 percent from the same period a year earlier. Egg products made up 52 percent, table eggs 30 percent, and hatching eggs 18 percent. Japan was, as usual, the dominant importer, with 52 million dozen equivalent, nearly all as egg products. Japan purchased 82 percent of U.S. egg product exports.

Mexico was the largest importer of U.S. table eggs with 15 million dozen, nearly 50 times more than during January-October 1987. Hong Kong was next with 10 million dozen, up 33 percent, and mostly imported under EEP. Iraq imported 5.6 million dozen, all under EEP, and it also took 7 million dozen hatching eggs under an export credit program. Canada imported 6.3 million dozen hatching eggs during January-October 1988.

Total U.S. egg exports in October 1988, at 20.5 million dozen, were the highest since October 1981. Mexico was the largest market, purchasing 8.3 million dozen, followed by Japan with 5 million. Mexico purchased 8.2 million dozen table eggs under an export credit program. Japan's imports were, as usual, primarily egg products.

U.S. egg exports during all of 1988 likely exceeded 1987's 111 million dozen by about 25 percent, with export programs and competitive prices playing an important role. Exports are expected to fall in 1989, however. Higher anticipated U.S. egg prices and uncertainties in export programs obscure the export picture for 1989.

Table 41--U.S. egg exports to major importers, January-October, 1987-1988 1/

Country or area	1987	1988
	1,000 dozen	
Japan	37,871	52,250
Mexico	1,225	17,599
Iraq	0	12,646
Canada	12,360	10,407
Hong Kong	8,035	10,244
Federal Rep. of Germany	1,328	2,717
Jamaica	1,664	1,881
United Arab Emirates	90	1,768
United Kingdom	1,543	1,153
South Korea	589	1,088
Other	12,802	10,009
Grand Total	77,507	121,762

1/ Shell, and shell equivalent of egg products.



Table 42--Poultry supply and utilization

Year	Slaughter			Begin- ning stocks	Total supply	Ex- ports	Ship- ments	Ending stocks	Total disap- pearance	Per capita Retail weight
	Feder- ally Inspected	Other	Total							
Million pounds					Pounds					
Young chicken:										
1987										
I	3,735	27	3,762	24	3,786	142	39	25	3,579	14.7
II	3,907	26	3,933	25	3,958	198	32	24	3,704	15.2
III	3,966	17	3,984	24	4,008	223	40	28	3,717	15.2
IV	3,895	21	3,916	28	3,944	188	40	25	3,691	15.1
Year	15,502	92	15,594	24	15,618	752	151	25	14,691	60.2
1988 2/										
I	3,996	25	4,021	25	4,046	163	38	36	3,809	15.5
II	4,079	26	4,105	36	4,141	190	38	40	3,872	15.8
III	4,033	11	4,045	40	4,085	198	37	32	3,818	15.5
Year	16,149	87	16,235	25	16,260	735	151	30	15,344	62.53
1989 2/										
Year	16,850	100	16,950	30	16,980	665	140	25	16,150	65.0
Other chicken:										
1987										
I	133	24	157	163	320	5	1	172	143	0.6
II	155	28	183	172	355	6	1	182	167	0.7
III	129	23	152	182	333	3	0	166	165	0.7
IV	135	24	158	166	324	2	1	188	133	0.5
Year	552	98	650	163	814	15	2	188	608	2.5
1988 2/										
I	153	27	181	188	369	6	1	197	166	0.7
II	150	27	177	197	373	4	1	157	211	0.9
III	112	20	132	157	289	7	1	146	136	0.6
Year	540	96	636	188	825	23	3	150	649	2.6
1989 2/										
Year	550	98	648	150	798	18	4	150	626	2.5
Total chicken:										
1987										
I	3,868	51	3,919	187	4,106	147	40	197	3,722	15.3
II	4,062	54	4,116	197	4,313	204	32	206	3,871	15.9
III	4,095	41	4,135	206	4,341	226	40	194	3,881	15.9
IV	4,030	44	4,074	194	4,268	191	41	213	3,824	15.6
Year	16,054	190	16,245	187	16,432	767	153	213	15,298	62.8
1988 2/										
I	4,149	52	4,202	213	4,415	169	39	232	3,975	16.2
II	4,229	53	4,282	232	4,514	194	39	198	4,083	16.6
III	4,145	31	4,177	198	4,374	205	38	178	3,954	16.1
Year	16,689	183	16,871	213	17,085	758	154	180	15,993	64.9
1989 2/										
Year	17,400	198	17,598	180	17,778	683	144	175	16,776	67.5
Turkey:										
1987										
I	670	19	689	178	867	6	0	226	635	2.6
II	865	26	891	226	1,117	7	0	382	728	3.0
III	1,100	32	1,132	382	1,514	7	0	641	866	3.5
IV	1,082	34	1,116	641	1,756	13	3	282	1,458	6.0
Year	3,717	111	3,828	178	4,006	33	4	282	3,686	15.1
1988 2/										
I	837	24	860	282	1,143	13	1	353	776	3.2
II	980	21	1,001	353	1,354	11	0	467	875	3.6
III	1,066	37	1,103	467	1,570	15	0	583	971	3.9
Year	3,933	112	4,045	282	4,328	50	2	200	4,076	16.6
1989 2/										
Year	4,050	120	4,170	200	4,370	40	4	175	4,151	16.7
Total poultry:										
1987										
I	4,538	70	4,608	365	4,973	153	40	423	4,357	17.9
II	4,927	80	5,007	423	5,430	211	32	588	4,599	18.9
III	5,195	73	5,268	588	5,855	232	41	835	4,747	19.5
IV	5,112	78	5,190	835	6,025	204	44	495	5,282	21.6
Year	19,772	301	20,072	365	20,437	800	157	495	18,985	77.8
1988 2/										
I	4,986	76	5,062	495	5,557	182	39	585	4,750	19.4
II	5,209	74	5,283	585	5,868	206	39	665	4,959	20.2
III	5,212	68	5,280	665	5,945	220	38	761	4,925	20.0
Year	20,622	295	20,917	495	21,412	808	156	380	20,069	81.5
1989 2/										
Year	21,450	318	21,768	380	22,148	723	148	350	20,927	84.3

1/ May not add due to rounding. 2/ Forecast.



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